

FINANCIAL TIMES

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DB523A

Ministers 'knew Iraq used Jordan to get UK arms'

British government ministers almost certainly saw secret documents in the last days of the Iran-Iraq war stating that Iraq had asked Jordan to "front" for it if a shipment of spare parts made by Chieftain armoured recovery vehicles made by Vickers of the UK. This is the first clear indication that ministers acquiesced in deals in which Jordan acted as a conduit for arms shipments to Iraq. Page 22: US closer to special prosecutor for Irangate, Page 2; West's guilty role, Weekend I

Coup attempt in Peru Some retired Peruvian military officers were arrested after failing to assassinate President Alberto Fujimori. The president moved from Government Palace to the army's headquarters after 200 troops and several tanks took up positions outside it. Fujimori, with the backing of the military, suspended constitutional rule in the country in April.

Germany confident of EFA compromise British officials believe that German defence minister Volker Rühe (left) will not risk heavy compensation payments by pulling out of the European Fighter Aircraft development programme. The German Defence Ministry said it was confident a compromise would be found between Britain, Germany, Italy and Spain on building a joint fighter aircraft to replace the EFA. Page 3

Collor hits out Brazil's suspended president, Fernando Collor, facing an impeachment trial and criminal corruption charges amid a multi-million dollar corruption scandal, warned that the country's new government was "plunging Brazil into the fifth world". Page 23

EC aid for steelmakers The European Commission is preparing to offer more than Ecu240m (£165m) of aid to the European steel industry which has been hit by overcapacity, recession and strong imports. Page 2; Brokers' steel group hard hit, Page 10

Pay rules hit FO planer The Foreign Office has suspended plans to contract out services because European Community regulations prevent it from cutting the pay of staff who transfer to the private sector. Page 1

Sanctions fallings Despite sanctions against imports, oil is so abundant in Belgrade that new petrol stations are opening and the price of fuel has dropped, the UN Security Council was told. Page 3; Into the valley of death, Page 7; Brokers' a peace in Bosnia's war, Page 22

Revenue jobs may go up To 1,000 inland Revenue staff may lose their jobs because demands from the public for tax credits and gross payments of interest have been lower than expected, despite a £7m advertising claim. Page 5

Hong Kong warnings Deng Xiaoping, China's senior leader, is reported by Chinese officials to have said China will repudiate any measures introduced in Hong Kong by Governor Chris Patten without approval from Beijing. Page 2

Nuclear row surprises Japan's nuclear power plant has been underlined by its shipment of plutonium from France. The plutonium is aboard the ship Akatsuki Maru, thought to be near the Canary Islands. Its route to Japan has not been disclosed. Page 2.

Booker shares hit Shares in food group Booker have fallen 12.4 per cent over the last two days in response to cuts in profit forecasts for the group following management changes in its Booker Fresh food services subsidiary, a wholesaler serving the catering market. Page 8

PGP suspension lifted Sir Ron Bribery's UK investment vehicle PGP, suspended by the London stock exchange nearly two years ago because it was regarded as a "shell" company, has been restructured and will return to the market on Monday. Page 8

Canning settlement A former private school pupil who claimed a canning was a breach of human rights has received an £8,000 out-of-court government settlement. The European Court of Human Rights said it would not hear the case because a "friendly settlement" had been reached.

NEWS: INTERNATIONAL

Brussels to offer £195m in steel aid

By Andrew Hill in Brussels

THE European Commission is preparing to offer more than Ecu240m (£195m) of aid to help the ailing European steel industry through painful restructuring.

Senior Commission officials were meeting last night to consider Brussels' response to last month's plea for help from Community steelmakers, which have been hit by overcapacity, recession and cheap non-EC imports.

The Commission's industrial directorate is recommending Ecu120m of assistance between 1993 and 1995 to help cover the cost of laying off or retraining as many as 50,000 workers.

The proposals fall short of what the steel industry has been demanding. Steel-makers believe a redundancy programme over the next three or four years could cost at least Ecu2bn, while the related cost of closures could double that figure. They are prepared to contribute to that cost, but expect the Commission to provide political, commercial and financial support.

Commission officials said yesterday that Brussels has a series of coal and steel-related loans.

reluctant to get involved in centralised regulation of the steel market, as implied in the industry's request. Nor does it want to decide where radical capacity cuts should be made. Instead, the Commission may employ a consultancy to advise the companies on the best way to proceed with the proposed restructuring.

Mr Martin Bangemann, the industry commissioner, wants the 16 EC commissioners to approve an aid package at their meeting on the same day, for presentation to EC industry ministers on November 24.

Commissioners will have to decide the sensitive question of where to find funding for the aid plan. In particular, they will discuss whether the EC should draw on reserves in the European coal and steel treaty Ecu750m built up from levies on the two industries to fund closures. The industrial directorate is recommending that support for redundancies should come from the existing budget of the treaty, but the separate reserves are considered by some Commission departments to be sacrosanct because they underpin a series of coal and steel-related loans.

All change for Clinton — slowly

George Graham explains the three-month transitional administration period

JUST 10 days after Governor Bill Clinton's victory in the US presidential election, journalists are waiting impatiently for something to happen and Democrats are waiting just as impatiently for their job applications to be answered.

They will have to wait a while longer.

Not until January 20 will President George Bush move out of the White House and Mr Clinton take his oath of office as the US's 42nd president.

The US's drawn-out transition is the object of some puzzlement to many foreign observers, who are used to new governments moving in within days or even hours of victory. Some wonder if it is really necessary to wait almost three months after the election before handing over power, now that it no longer takes so long for delegates to the electoral college to make their way by mail from the further quarters of Kentucky and Tennessee.

But US political scientists argue that it still serves a useful purpose because

of the length and intensity of the presidential campaign, the absence of a shadow government ready to assume office, and the extent of the turnover in US government officials that follows the election of a new president.

Candidates have often spent over a year on the campaign trail making promises and proposals of all kinds; once elected, they have to work out which of these have priority, and who can best implement them. A transition team can determine the ultimate success of an administration by its creation of a government which knows what it wants to do and which can work together to accomplish it.

"It is a hangover from the 18th century, but it has also turned out to be reasonably functional," comments Professor Bert Rockman of the University of Pittsburgh.

Professor Stephen Wayne of Georgetown University argues that a long transition period has become more necessary since the 1960s because of an

increased politicisation of the bureaucracy, the civil servants who provide the institutional memory of government have been pushed further down the decision-making tree.

In addition, he says, the appointment process now takes longer because of more rigorous background checks and financial disclosure requirements for potential appointees.

Overall, a total of 9,100 jobs in the federal government are listed in a volume known as the Plum Book as non-competitive, or political, appointments. Many of these, however, are filled by career civil servants; many more are part-time positions or require specialised, non-political skills such as medicine or engraving.

In practice, only some 3,000 jobs are really open for political appointees — still a huge number in comparison with most other countries — and Prof Rockman cautions that only 600 to 800 are important policy-making positions.

Meanwhile, 75 journalists lie in wait in Little Rock, the Arkansas state capital, begging for something to write about. That mostly means detailed accounts of Mr Clinton's jogging routes or of the intrusion of Secret Service agents into his daughter's school.

It also means intense focus on the appointment of the transition team — many of whose members will in fact have only a brief spurt of fame, and have little importance in the actual Clinton administration.

Probing analysis is brought to bear on Mr Clinton's every utterance, as though his one-liners today provide more insight into his administration's policies than the detailed position papers he issued during the campaign.

Indeed, Mr Clinton had to devote a considerable portion of his first news conference on Thursday to explaining that he had not, 10 days after his election and two months before his inauguration, yet seen fit to perform any U-turns on policy.

Consumer prices also rose faster than expected last month, prompting hopes that domestic demand might at last spur the sluggish US economy into recovery, George Graham writes in Washington.

The Commerce Department reported that retail sales increased by 0.9 per cent in October to reach a level 5.7 per cent higher than a year ago.

Some of the increase appears to have been stimulated by sales of furniture and building materials in the wake of the hurricane that hit Florida and Louisiana, but economists noted solid gains in car and clothing sales.

Consumer prices also rose faster than expected in October, climbing 0.4 per cent to yield a year on year inflation rate of 3.2 per cent — up from 3.0 per cent in September.

Most economists, however, regarded the rise as a blip unlikely to signal any break in the general disinflationary trend seen not only in the US but around the world. The increase stemmed partly from a sharp rise in air fares, after months of price wars in the airline industry, but also from costlier housing and fuel costs.

However, the housing market remains torpid. The National Association of Realtors reported that sales of existing homes in the third quarter were 5 per cent lower than a year earlier.

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Ozone layer shrinks to lowest level

THE world's ozone layer dropped to its lowest levels in decades during 1992, the World Meteorological Organisation (WMO) said yesterday. Bronwen Maddox, Environment Correspondent, writes in London.

The evidence that ozone depletion was worse than predicted comes days before the start of a two week international convention in Copenhagen which intends to bring forward deadlines for phasing out ozone-damaging chemicals.

The WMO, a United Nations agency, said that between January and March, average levels of ozone in the atmosphere above Moscow, Scandinavian capitals, cities in northern Germany and most of Britain were between 15 and 20 per cent below normal.

It is feared that thinning of the protective layer could lead to an increase in human skin cancer and lower yields from farm crops.

The WMO attributes this year's unusual thinness to continued use of man-made chlorofluorocarbons (CFCs) in refrigerators, aerosols and cleaning fluids, and to natural chemicals thrown into the atmosphere by the volcanic eruptions last year.

The Copenhagen conference, which starts on Tuesday, is expected to back phasing out CFCs by 1996, with provision for some exemptions, compared to the original deadline of 2000 set in the 1987 Montreal Protocol.

Ozone thinning is a seasonal phenomenon which is affected by weather conditions, and the report says that during the past three weeks the Antarctic ozone "hole" has been slowly shrinking.

• This week's meeting of signatories to the London Dumping Convention, a worldwide treaty governing dumping waste at sea, looked set to end last night with no resolution to the controversy over radioactive waste dumping.

Deng pushes HK hard line

By Simon Holberton
in Hong Kong and
Alexander Nicoll in London

DENG XIAOPING, China's senior leader, has told the Chinese leadership not to compromise in its opposition to the proposals of Mr Chris Patten, Hong Kong's governor, for greater democracy in the territory.

According to Chinese officials, the 85-year-old Deng has given instructions that any measures introduced without Beijing's consent should be repudiated after China assumes sovereignty over Hong Kong in 1997.

The disclosure that implacable hostility to Mr Patten's plans stems from the highest level in Beijing clouds the prospects for a visit by Britain by Zhu Rongji, a Chinese vice-premier recently promoted to the Communist party politburo.

Zhu arrives tomorrow for five days of meetings with British politicians and companies. He will meet Mr John Major, the prime minister, Mr Douglas Hurd, foreign secretary, and Mr Michael Heseltine, trade and industry secretary.

Mr Patten will also be in London for consultations with

Mr Major and Mr Hurd, and is likely to have informal contact with Zhu.

Zhu, whose main role is in economic reform, will visit London's stock, futures and insurance exchanges and will see companies which have done significant business with China. He is expected to receive advice from merchant banks on how to private China's bloated and loss-making state industries. Beijing is anxious to take a "business as usual" approach to relations with London, separating Hong Kong from other issues.

However, Mr Patten's proposals have caused a rift in Sino-British relations and British officials expect Hong Kong to be raised. London and Hong Kong have urged Beijing to discuss the 1995 election plan suggested by Mr Patten, but it has responded with threats of turmoil in Hong Kong after 1997.

Chinese officials said that before Mr Patten visited Beijing last month, Deng met Li Peng, prime minister, Lu Ping, head of Hong Kong policy, and Zhou Nan, China's representative in Hong Kong, to decide how to deal with the government's plans.

Australia boosts job creation

By Kevin Brown in Sydney

THE Australian government yesterday reshuffled spending plans for the next 12 months to add A\$182m (£85m) to job creation schemes. However, delays in other planned spending will reduce the net impact to A\$8m this year and A\$31m in 1993-94.

The announcement follows an increase of 0.5 percentage points in the number of registered unemployed, to a post-war record of 11.3 per cent, equivalent to just under 1m workers.

Mr John Dawkins, the federal treasurer (finance minister), said the extra spending was expected to produce about 20,000 jobs in the financial year to the end of June.

The effect of the revision is to increase spending on job subsidies this year, at the expense of investment in transport and energy infrastructure announced in the government's One Nation economic statement in February.

A number of the projects included in One Nation have progressed slowly, mainly because of disagreements between the federal and state governments and drawn-out staffing negotiations with trade unions.

Mr Dawkins said A\$150m earmarked for a proposed National Rail Corporation and A\$24m for electricity grid projects would be deferred until 1993/94 because it was unlikely to be spent by the end of June. The savings will help to finance an extra A\$77m for job subsidy programmes, A\$20m for sporting, heritage, community and cultural projects, A\$55m for local capital works and A\$30m for small-scale road improvements.

Mr Paul Keating, prime minister, said the government was "on track" to achieve its target budget deficit of A\$13.4bn, but was "probably under" its target for job creation.

Europe tries again on stocks

STOCK exchanges in the European Community have agreed to look again at ways of creating a single European stock market, 18 months after their last initiative collapsed in disarray, writes By Richard Waters.

Co-operation between the exchanges would make it easier for investors to trade in European stocks outside their domestic market, relieving them of the need to trade on each domestic exchange.

The Federation of Stock Exchanges in the EC said yesterday it had underestimated the scale of the international outcry provoked by its controversial shipment of plutonium from France last weekend.

The specially equipped Akatsuki Maru set sail from Cherbourg last Saturday, carrying one ton of plutonium to be used in Japan's fast-breeder nuclear reactor.

The criticism has become a serious embarrassment as govern-



Policemen in Qana, south Egypt, take Bastawi Abdel-Hamid Abu-Magd to a police station. He was caught shortly after Islamic extremists attacked a German tour coach on Thursday. Five Germans and two Egyptians were hurt in the attack

Fears over Kurds prompt meeting

By John Murray Brown in Istanbul

GROWING anxiety over the evolution of a Kurdish state is set to dominate the meeting in Ankara today between Mr Hikmet Cetin, Turkish foreign minister, and his Syrian and Iranian counterparts.

The talks are the first attempt by the regional powers to find a solution to the instability in north Iraq, where Kurds

have set up a de facto administration since allied forces left the area at the end of the Gulf war.

Turkey, as well as the UK and France, who have provided the air deterrent for the Kurdish-held areas, is concerned lest

Kurds and the other capitals should use the fear of a Kurdish state as an argument to negotiate again with Baghdad.

Turkey, Syria and Iran — with Kurdish minorities of their own, like Iraq — have deep misgivings about recent moves to establish an elected Kurdish assembly which has already declared its intention to set up a federal state.

Today's meeting will also give the Turks an opportunity to reassure their neighbours, after 20,000 Turkish troops were sent into north Iraq last month to dash out bases of the separatist Kurdish Workers party who had used the power vacuum in the area to mount increasingly daring

cross-border attacks on Turkish positions. The Iranian parliament urged the Turks to withdraw.

Turkey is in a strong position to shape regional developments. The Turkish parliament has still to decide whether to extend the allied security umbrella for the Kurds beyond the new year. Equally vital, Turkey controls the cross-border trade which provides the lifeline for the Kurdish-held areas in the face of the Iraqi embargo on supplies.

Turkish officials are keen that the current UN embargo against Iraq should not prejudice Turkey's long-term relations with Baghdad.

Bankruptcies still mounting in Japan

By Charles Leadbeater

per cent up on the same month last year.

Tokio Data Bank underlined the severity of the downturn in the Japanese economy by predicting that corporate bankruptcies would reach 14,000 for the year as a whole. In the 10 months to the end of October there were 11,365 bankruptcies.

This is still well short of the 20,841 bankruptcies reported in 1984, when Japanese export

markets were hit by a sharp appreciation of the yen. However, the projected rate of growth in bankruptcies, a 30.5 per cent rise from the 10,723 reported in 1991, is far greater than at any time during the 1980s.

The report confirms that the economic slowdown has become the main reason for bankruptcies. In 1990 and 1991 the main factor was the collapse in the stock and real estate markets.

The 1,294 September bankruptcies had a value of Yen 606bn (£4bn), slightly down from the Yen 646bn in September 1991.

The report also claims that the economic slowdown has become the main reason for bankruptcies. In 1990 and 1991 the main factor was the collapse in the stock and real estate markets.

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NEWS: INTERNATIONAL

Bonn confident of saving Euro-fighter

By Quentin Peel in Bonn

THE German Defence Ministry said yesterday it was confident that a compromise would be found between Britain, Germany, Italy and Spain on building a joint fighter aircraft to replace the European Fighter Aircraft (EFA).

At the same time, Mr Jürgen Schrempp, chief executive of Deutsche Aerospace (Dasa), the German partner in the four-nation EFA project, expressed optimism that "a version" of the aircraft would be built.

Mr Malcolm Rifkind, the British defence secretary added yesterday that he was considerably more optimistic than a few weeks ago. "The indications we are getting now are that the Germans wish to remain in the development phase of the project. It is clear

that the overwhelming probability is that it is to remain a collaborative project of almost certainly four countries."

The three statements are the most positive indication yet that Germany may agree to go ahead with a cheaper version of the EFA, presenting it as a new, re-designed aircraft.

However, the German government may still insist on an extension of the current development period, and a later production date for the new version, in order to delay the full effect on its overstretched budget.

British officials believe that Mr Volker Röhe, the German defence minister, who has insisted he will not go ahead with production of the EFA, will no longer carry out his tacit threat to pull out of the development programme, and

risk heavy compensation payments.

If he can present a much cheaper version of the EFA as a new aircraft, observers believe, then he may yet be prepared to go ahead with it.

The Bonn defence ministry said yesterday that all reports of a "compromise" between the EFA partners remained "pure speculation" until the defence ministers meet to discuss the project in December.

They have been told by the EFA consortium that the DM133m cost of the aircraft can be cut by 30 per cent.

But they are awaiting a report from the four chiefs of defence staff, expected to be finalised in the coming days, on the changed "defence requirements" of their respective air forces beyond the year 2000.

Bankers foresee Germany at centre of new grouping

By Anthony Robinson,
East Europe Editor

THE "fast-track reformers" of central Europe, Czechoslovakia, Hungary and Poland, have been much more successful than expected in reorganising their economies along western market lines. They should be seen as prime candidates for inclusion in a new "core Europe" centred on Germany, according to this year's Global Economic Survey by Morgan Stanley, the US-based investment bankers.

The development of such a grouping, including the Benelux countries, Switzerland, Austria, Sweden – but only "possibly" France and Ireland – would signify that the Maastricht integration process is dead, and would "strain to the breaking point" the Franco-German axis which was the basis of postwar west European integration, according to Mr David Roche, the bank's senior analyst.

Germany's fate is closely

linked to the issue of central Europe's integration into the disciplined, hard-currency European core region. If the process works Germany will be the regional headquarters of a vast area of economic dynamism and prosperity. But if the economics of integration fail, Germany will relapse into a "dark, gloomy and troubled giant," the report warns.

A new Europe is about to be forged which, unlike the doomed Maastricht process, takes into account the realities created by the collapse of Soviet power. Some EC members – such as the UK, Italy, Spain and possibly France – will circulate on the periphery of the D-Mark-dominated core. Some non-EC members like Austria and Switzerland will be part of the core while some of the new core candidates, like the three central European states are not even members of the EC and have been considered until now as economically weak.

What has changed the bank's perspective is the speed with which the "fast-track" central Europeans have re-oriented their trade to EC markets, especially Germany, reduced inflation and managed to run substantial current account surpluses in spite of the collapse in Commodity trade.

The secret of their success lies in the acceptance of a substantial cut in living standards by many of their 65m citizens, and a sharp rise in savings in spite of wage rates less than 10 per cent of the German level.

Workers in these countries receive in a month what the average skilled German worker receives in five hours. Little wonder that Mercedes-Benz has indefinitely postponed its planned DM1bn truck plant in eastern Germany. German companies will increasingly shift their manufacturing eastward, and German unemployment could rise to 4m during the difficult adjustment to a more service-oriented, post-industrial society," Mr Roche predicted.

What has changed the bank's



A Slovak woman outside the National Theatre in Bratislava yesterday as she walks to pass the coffin of the leader of the 1988 Prague spring reforms, Alexander Dubcek, lying in state before tomorrow's funeral. Mr Dubcek died in Prague last week.

UN urged to tighten Yugoslav sanctions

By Michael Littlejohns
in New York

SANCTIONS against former Yugoslavia have failed to halt imports of oil, which is now so abundant in Belgrade that new petrol stations are opening and the price of fuel has dropped, the UN Security Council was told yesterday.

Mr Cyrus Vance, co-chairman of the international conference on former Yugoslavia, said it was common knowledge that transit documents were being misused and oil was getting through in ever larger quantities.

He and Lord Owen, the other co-chairman, called for urgent UN action to close gaping holes in sanctions by tightening procedures to half oil supplies par-

ticularly on the Danube route.

Both co-chairmen opposed lifting the arms embargo against Bosnia-Herzegovina, as has been suggested. Mr Vance argued that a relaxation would not only increase hostilities but spread the conflict throughout the whole Balkan region.

The co-chairmen and Mrs Sadako Ogata, UN high commissioner for refugees, addressed the council as members considered proposals to impose a naval blockade against former Yugoslavia, authorising states to take measures to "halt all inward and outward maritime shipping" and inspect their cargoes.

A resolution to this effect is expected to be approved next week.

Russia offers deal to Volsky

By Leyla Boultou in Moscow

THE Russian government will today try to secure its survival and the thrust of its radical market reforms by offering industrialists a chance for their leader, Mr Arkady Volsky, to help draft a new economic strategy.

Under a deal to be submitted to industrialists in Moscow today, Mr Anatoly Chubais, the deputy prime minister in charge of privatisation and co-ordinating economic reforms, would work directly with Mr Volsky on a compre-

hensive economic plan.

But the government must at least hope it will fend off the worst of the demands being made by Civic Union, which include a return to price controls and centrally-planned state procurement, an indexation of all savings to inflation which could be 3,000 per cent this year, and apparently limitless increases in working capital for inefficient enterprises.

It is in the industrialists' interests to support a government which depends on them for survival, rather than a new one which could bring in genuine anti-market moves.

In talks in Kiev on Thursday, Russia reached a tentative agreement with Ukraine, persuading it to give up most of its claims on former Soviet assets so that Moscow can take sole charge of the former Soviet Union's main liability, a foreign debt of \$80bn.

Spain's underlying inflation rate rises

By Tom Burns in Madrid

SPAIN'S headline inflation rate fell sharply in October but underlying inflation remained high and offered little prospect of a significant easing in interest rates.

The rise in the consumer price index of just 0.1 per cent brought year-on-year inflation down by 0.6 points to 5.2 per cent and suggested that inflation at the end of the year would be comfortably below the government's revised forecast of 6.4 per cent.

The fall in the inflation rate

will spur the government in its efforts to impose wage moderation but analysts said the headline figure was deceptive. It fell largely because of a 1.1 per cent drop in food prices.

Underlying inflation, which excludes the volatile energy and non-processed food prices, rose by 0.5 per cent in October to post a year-on-year figure of 7.1 per cent. The economy's continuing inflationary tensions, added to the government's borrowing requirements, suggested that interest rates would remain unchanged.

Barclays Base Rate Change.

Barclays Bank PLC and

Barclays Bank Trust Company Limited announce that with effect from 13th November 1992 their Base Rate decreased from 8.0% to 7.0%.

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Girobank plc 10 Milk Street LONDON EC2V 8JH

Bank of Ireland Base Rate

Bank of Ireland announces that with effect from close of business on 16th November 1992 its Base Rate is reduced from 8.00% to 7.00%.


Bank of Ireland

Area Office, 36-40 High Street, Slough, Berkshire SL1 1EL

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NEWS: UK

Recession catches up with lesser-hit areas

By Emma Tucker,
Economics Staff

THE RECESSION has caught up with parts of the UK which had hitherto escaped the worst of the country's economic woes.

A regional breakdown of the latest Confederation of British Industry survey of manufacturing trends, carried out with Business Strategies Limited, the economics consultancy, shows that Scotland and Wales are being dragged down by the economic gloom prevailing elsewhere.

The survey found that overall business confidence has weakened with total output expected to fall in every region over the next four months except the north-west and the Yorkshire and Humberside area.

Mr Richard Holt, associate director of Business Strategies, cautioned that the survey – held between September 23 and October 14 – was conducted too soon after the pound had been devalued for the implications for the economy to be assessed fully.

Sterling's devaluation, how-

ever, has improved the sentiment about exports across the country, while some regions will do well out of measures announced in the Autumn Statement.

The west Midlands should benefit from the abolition of car tax, while Scotland and south-west England, where many investment goods are produced, are expected to benefit from improved capital allowances.

• The north: export orders have increased for the first time for a year, although home market orders continue to fall.

After a brief revival over the past two quarters, optimism about the general business situation has dropped.

• Yorkshire and Humberside: optimism about export performance has surged, suggesting an export-led recovery in output over the next four months. But job losses will continue to rise rapidly and general business confidence remains low.

• East Midlands: a rise in export demand is expected over the next four months, but orders have continued falling. Unit costs and prices are expected to increase in the

months ahead following the devaluation of sterling.

• East Anglia: business optimism deteriorated as companies reported a sharp fall in demand. Average home and export prices have decreased since the summer and more companies than not have cut their unit costs.

• London and the south-east: the fall in orders has accelerated for the second consecutive survey.

• South-west: demand has continued to fall but at its slowest rate for two years. A rise in export orders is now

expected to offset weak home demand.

• West Midlands: the fall in orders was less sharp than in the rest of the country. Total orders are expected to stabilise over the next four months and rapid growth in export orders is forecast.

• North-west: output has fallen more quickly since the summer than at any time for three years. A slight increase is now expected. Optimism about exports has improved.

• Wales: demand and output fell sharply over the past four months. Earlier indications

that the recession was ending have disappeared. Pressure on profit margins remains strong.

Investment in plant and machinery is expected to fall.

• Scotland: total orders continued to fall and export demand looks set to remain weak despite sterling's devaluation.

With widespread excess capacity, investment intentions remain weak.

• Northern Ireland: another increase in new orders is reported, bucking the national trend. Export orders have grown strongly. Employment has risen slightly.

Airlines replace engine fuse pins

BRITISH Airways and Virgin Atlantic, the two UK operators of Boeing 747 aircraft, have decided to replace the fuse pins securing the engines of their 747 fleets after each jumbo has made 3,000 landings, Paul Bettis writes.

The move follows a recommendation from Boeing yesterday to all 747 operators to conduct additional inspections of fuse pins and engine struts.

The failure of fuse pins caused by metal fatigue and corrosion is regarded by accident investigators as probably the main cause of the Amsterdam disaster last month, when an El Al 747 cargo aircraft crashed into a housing complex after losing two engines shortly after take-off.

After an initial inspection Boeing said it found very few cases of cracked fuse pins.

Mr Jim Johnson, vice president of Boeing's 747 division said: "All these have been replaced."

He added that about 20 per cent of pins inspected had enough corrosion to warrant replacement.

The US Federal Aviation Authority is expected to issue a directive soon requiring mandatory inspections and replacement of pins on 747 aircraft.

Boeing recommended yesterday that 747 operators perform visual and ultra-sonic inspections of fuse pins after 3,000 landings or after more than three years of service.

But both BA and Virgin have decided to act immediately before a mandatory directive is issued.

Figures offer little hope of recovery

THIRD QUARTER figures on bankruptcy and corporate liquidation offer little prospect for economic recovery, KPMG Peat Marwick, the accountancy firm, warned yesterday.

The number of personal bankruptcies fell 3.7 per cent for the period July to September over the previous quarter to 7,506, but growth in the first three quarters was up 51.5 per cent on the same period last year.

The number of company liquidations dropped 7 per cent to 5,682 between the second and third quarter, compared with 4,670 for the third quarter last year.

Mr Tim Hayward, head of corporate recovery at KPMG, warned: "I cannot see any significant downward trend in liquidations for the remainder of the year."

He said increased competition in response to the worldwide economic slowdown was likely to force even more companies into liquidation.

His comments contrast with figures showing a reduction in the number of company restructurings and administrative appointments, analysed by accountants Touche Ross from the official London and Edinburgh gazettes.

Mr Hayward said there was a time lapse before any turnaround in receivership appointments is followed by a reduction in the number of liquidations.

Action possible on late payment

THE GOVERNMENT would not be opposed in principle to legislation to tackle late payment of suppliers by companies "if we thought it would work," Mr Edward Leigh, junior trade and industry minister said yesterday.

Speaking in a Commons debate on small business, he acknowledged the difficulties late payment of bills caused for small companies.

But he insisted there was "no quick fix."

Citizen's Charter budget doubled

THE GOVERNMENT is to more than double the budget of the Citizen's Charter unit, the Cabinet Office section responsible for raising the quality of government services.

The unit's budget will rise from £3.7m this year to £8.5m next year.

The unit announced yesterday it will pilot a Charterline telephone helpline giving information on public services and how to complain when things go wrong.

The pilot will be launched in the new year, with Price Waterhouse management consultants as project managers.

Councils lower receipt estimates

By Andrew Taylor,
Andrew Adonis
and Alison Smith

MEASURES TO ensure that local authorities do not squander their freedom to spend proceeds from council house and other sales were announced yesterday by Mr Michael Howard, Environment Secretary.

Local authority treasurers, however, said government forecasts of £1.75bn extra receipts over the next two years were highly optimistic.

Liverpool City Council, which realised £260m in receipts in 1989/90 and about £220m last year, said it expected to raise only £10m this year.

Birmingham City Council has reduced its estimate of proceeds from council-house and other sales from about £41m to £33m since the spring.

A Capital Partnership programme announced yesterday by Mr Howard seeks to encourage councils to spend receipts on "worthwhile projects" by tying the award of grants and credit approvals to the amount of receipts local authorities are prepared to invest in housing, urban, environmental and rural developments.

Local authorities were freed in Thursday's Autumn Statement to spend all receipts from council-house and other sales raised to the end of next year. Local authorities previously were allowed to spend only 25 per cent of proceeds.

Mr Howard yesterday said grant and credit approvals for schemes such as the Estate Action programme will depend on the willingness to provide part of the finance from its capital receipts.

There will be a separate scheme to award funds to local authorities with few or no capital receipts.

Mr Howard said: "Altogether there will be £200m of government grant and approvals available."

In addition, the Housing Corporation will have £400m available for new schemes in 1993/94."

The Environment Department said its projections – of £2.39bn in usable capital receipts this year and £2.62bn in 1993/94 – were based on estimates of "previous sales and what we know councils have left to sell."

Most treasurers, however, are revising sharply downwards their estimates of likely receipts, and are not optimistic about an upturn next year.

They say council house sales, a main source of receipts, have slowed dramatically.

Mr Jack Straw, the shadow environment secretary, accused the government of presenting an "illusion" intended to disguise the real level of resources for housing agreed in the Autumn Statement.

The Tories see it as a significant advance that the programme will give the government a way of encouraging the direction of the new capital spending.

It will also help conservative councils which have few assets left to sell, because of earlier sales of council houses.

The cuts run deep for London Underground

AN AIR of gloom pervaded the headquarters of London Transport yesterday as managers applied themselves to the task of cutting £500m worth of investment in the Underground over the next three years.

Nothing in the speculation that preceded the chancellor's Autumn Statement had prepared London Transport for the shock that hit it on Thursday afternoon, when it learned of swingeing cuts to its budget.

Government funding next year will fall from £1.95bn to £1.01bn, and in the year after from £1.19bn to £960m. The new figure set for 1993/94 is a much lower-than-expected £950m. The reductions hurt all the more because London Transport was the only transport operator to suffer an attack on its budget. The roads programme survived unscathed, while British Rail won a modest increase in its funding.

Mr Wilfrid Newton, London Transport's chairman, made no attempt to disguise his anger.

"I am hard put to understand,

even in these tough economic times, why the pain of these cuts should be uniquely visited upon London," he said.

The London Regional Passengers Committee, the statutory watchdog for the capital's public transport users, said the cuts were all the worse for coming on top of a fare increase of

twice the rate of inflation. One positive element of the London Transport settlement was that the budget for the £1.8bn Jubilee Line extension to Docklands escaped the cuts. This means that Canary Wharf's administrators and their banks can come up with £240m towards the line's construction costs, the project might yet go ahead.

But good news for Docklands means bad news for the rest of London, since the Jubilee Line funding appears to have survived largely at the expense of the rest of London Transport's budget – most of which is consumed by the existing Underground railway.

The result is that the budget for Underground investment will fall from £700m-£750m a year to £500m-£550m a year.

A range of planned improvements for passengers will be lost along the way. For example:

• The badly needed modernisation of the Northern Line, due for the second half of the 1990s, will be postponed to the next century.

• Modernisation of stations on the Central Line to accompany the replacement of track and trains will no longer take place.

• The Aldwych branch of the Piccadilly Line will close because there is not enough money to replace the lifts at Aldwych station.

• The planned East London

line extensions to Highbury and Islington in the north and East Dulwich in the south will be indefinitely postponed.

• Plans to build an interchange at King's Cross linking the deep-level Victoria and Piccadilly lines with the surface-level Metropolitan and Circle lines will be abandoned.

• The replacement of the escalator link between Bank and Monument stations in the heart of the City is unlikely to go ahead.

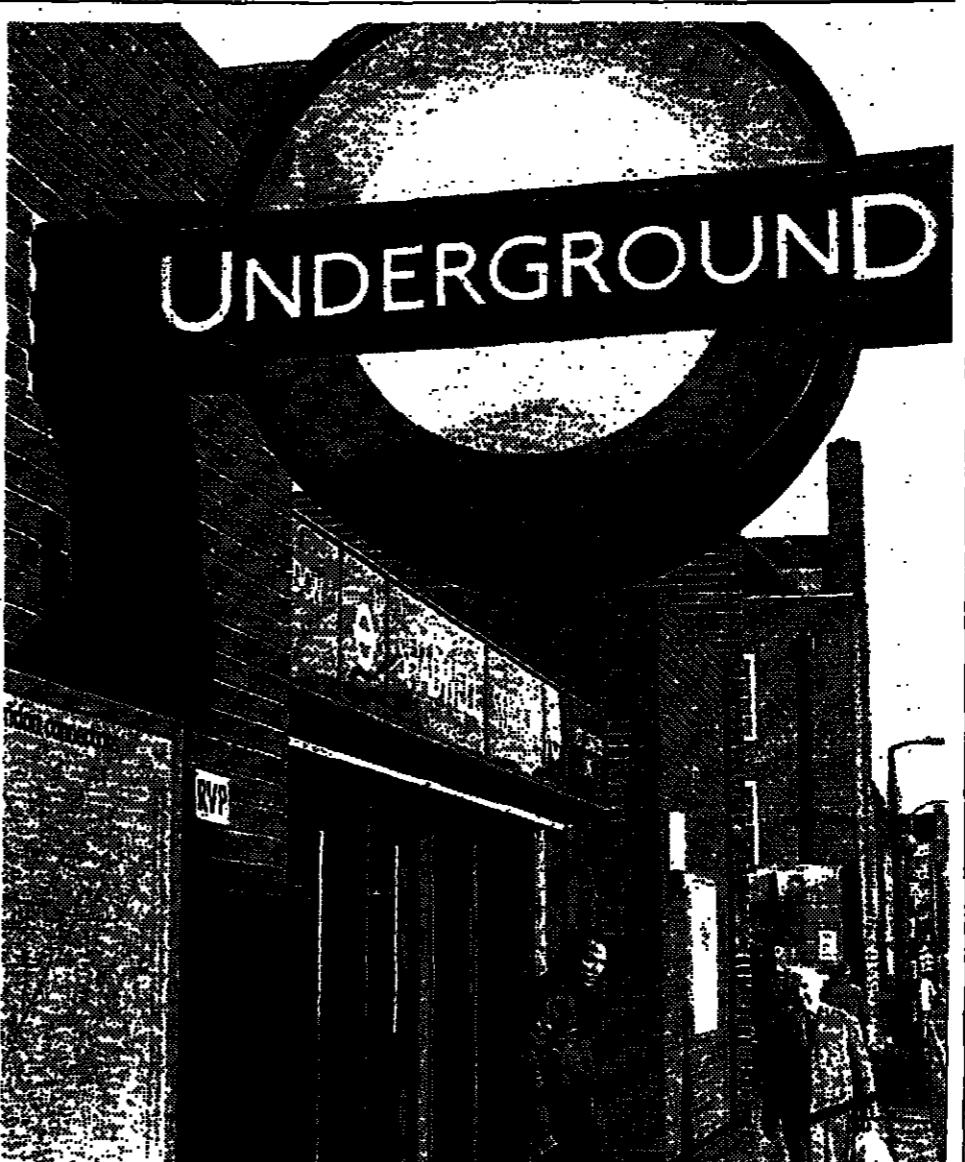
The cut in London Transport's budget comes less than 18 months after a Monopolies Commission report criticised the government for starving the Underground of investment. That resulted in a big – and – increase in funds last autumn.

Mr John MacGregor, transport secretary, said London Transport was still getting much more money for the next three years than it had for the past three. Besides, he noted, more was being spent on the Underground than all the nation's schools put together.

Mr David Bayliss, London Transport's director of planning, observed that this was a fairly meaningless comparison.

"Personally, I think the government should be spending a lot more on schools," he added. "But not at our expense."

Richard Tomkins



All change: the planned extensions to the East London Line will be postponed indefinitely

Drug reforms cause split

By Daniel Green

THE DRUGS industry and the medical world split yesterday over reforms in drug prescribing, set out by Mrs Virginia Bottomley, the health secretary, after the Chancellor's Autumn Statement.

The number of drugs that doctors can choose from is to be cut, with cheaper treatments being given priority.

The Association of the British Pharmaceutical Industry attacked the changes as limiting doctors' choice in treating patients. Dr John Griffin, director of the association, said:

"Cheapest medicines are not necessarily the best medicines."

But the move received qualified approval from the British Medical Association. It said:

"This is the least unpalatable

way of getting drug prices down."

Ten categories of drugs are affected, including oral contraceptives, allergy drugs and some skin treatments. Most of the manufacturers concerned are non-UK companies.

Swiss-owned Ciba-Geigy has 18 per cent of the market for anti-rheumatic skin treatments with Emulgel, and two further products taking 2 per cent of the 25.4m anaemia market.

Germany's Schering has 40 per cent of the 25.4m UK market for oral contraceptives.

ICI Pharmaceuticals and Wellcome said that they did not make drugs in any of the 10 categories.

Gilroo, the world's biggest drug company, might lose revenue from a hayfever treatment and some steroid skin creams but the loss would be small

compared with total revenues.

Many of the drugs in the categories listed are also available without a prescription.

Boots, Britain's biggest seller of over-the-counter drugs, said that some patients might be encouraged to buy from pharmacies rather than go to their doctors.

The proposals extend a scheme introduced in 1985 which now lists 154 approved products in seven categories, including laxatives and cough and cold remedies.

The Association of the British Pharmaceutical Industry said that since the 1985 scheme was introduced, no research work had been conducted in these areas in the UK. It said past experience had shown that introducing limited lists reduces investment by industry into new treatments.

By Peter Marsh,
Economics Staff

MANUFACTURING output fell in September to its lowest level since January, according to government figures released yesterday showing few positives.

This bore out fears that the improvement in the sector's output in the first six months would probably not be sustained.

Manufacturing output in the third quarter was down 0.8 per cent on the corresponding period last year. It is now 7.5 per cent below the peak for the sector recorded in September, just before the recession.

CSO officials believe manufacturing output is essentially flat, a slightly more pessimistic view than a month ago when they said production appeared to be rising by a year-on-year 0.5 per cent.

The weak September figure contributed to manufacturing

production in the third quarter of the year being 0.1 per cent down on the second quarter.

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The low production by manufacturers in September was offset by higher output of oil and gas, which rose 2 per cent during the month, mainly due to the effects of weak output in August on account of maintenance work.

Production industries as a whole – manufacturing, energy (including oil and gas)

and water supply – rose due to the good performance of the energy sector, with a 0.3 per cent increase in output in September on the previous month.

In the third quarter, output for these industries was up 0.6 per cent on the previous quarter, but down 0.6 per cent compared with the same period a year ago.

Airlines
replace
engine
fuse pins

Pay rules hit plans by Foreign Office

By Catherine Milton,
Labour Staff

THE FOREIGN Office announced last night that it has suspended preparations to contract out services because of new regulations protecting workers' pay and conditions when they transfer to the private sector.

The Foreign Office lead is likely to be followed by other departments and underlines the extent to which the government's film programme of contracting out has been thrown into confusion by the regulations.

These regulations, which stem from a European Community directive, mean companies may not normally cut the pay and conditions of staff who transfer to the private sector. Private contractors would also be liable for high redundancy payments if they shed jobs. About 80 per cent of the costs

of providing government services are labour.

The government agreed to adopt the regulations only after a threat of court action from the European Commission.

At a meeting earlier this week senior civil servants from central government departments criticised the Treasury, the environment department, and the Cabinet Office for failing to clarify the legal position.

Foreign Office officials warned they would halt the department's programme to test the feasibility of contracting out services such as information technology and some training because of the confusion.

The Confederation of British Industry has also warned that companies will refuse to bid for contracts to provide local-authority services because of the new regulations.

Mr John Hall, chairman of

the CBI's Competing for Quality Committee, said: "On the face of it there is no longer any point in companies taking part in tenders for public services. We will fight the government and the unions tooth and nail."

The regulations were included in the recently published employment bill to harmonise UK legislation - the Transfer of Undertakings (Employment Protection) Regulations - with the European Community's acquired rights directive.

Mr Hall, who is also secretary of the Cleaning and Support Services Association, which represents contract cleaning companies, told *Municipal Journal* that if contractors were forced to take on existing workforces on their current wage rates and conditions it would be impossible for them to make a profit on their contracts.

Government officials earlier indicated the sale would take place amid tight control of public expenditure, as outlined in Thursday's Autumn Statement. Government funding for the English Tourist Board will fall from £15.4m this year to £2m by 1995, with 70 per cent of that total being diverted to the regional tourist boards.

Mr Peter Brooke, heritage secretary, yesterday told parliament: "The case is now much less strong for central government funding of the promotion of tourism in England."

"As the industry matures, and the regional tourist boards develop, it is appropriate for other bodies to carry on many of the ETB's central activities."

Heritage department sources suggested that high on the list for privatisation would be guides for hotels, guest houses and caravan sites. However, with many of the board's initiatives undertaken with private-sector participation, tourist industry analysts question how much would be saved by such a move.

Mr Mark Phillips, a senior consultant with Howarth Consultancy, which operates the board's hotel occupancy survey, said: "There is already a very successful partnership between the private sector and the ETB. I cannot see how the government can privatise it further without serious ramifications on the ETB's position."

The task force, set up by Mr Michael Heseltine after the 1981 Toxteth riots, is the government's main link with industry, commerce, local authorities and development agencies.

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Customs and Excise officers are understood to have contacted Merseyside Fraud Squad following VAT inquiries.

The two officials who approved the grants - Mr Bob Anderson, now the DTI's East Midlands regional director, and Mr John McCann, a Liverpool-based executive - were suspended from duty on police grants during the late 1980s.

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Milk marketing deadline set

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Milk marketing deadline set

THE GOVERNMENT has set October 1 1994 as the deadline to end the UK's principal milk marketing scheme, according to the Agriculture Bill published yesterday.

The Milk Marketing Board for England and Wales, along with the three milk marketing boards in Scotland, have until the end of next year to submit schemes for disposing of their assets to successor bodies.

Proposals to turn the MMB for England and Wales into a single voluntary co-operative have run into opposition from the dairy trade.

Sony to launch mobile phone

SONY, the Japanese electronics group, is to launch a cheap hand-portable telephone on Monday to take advantage of a sales drive aimed at the consumer market by Cellnet, Britain's Telecommunications' majority owned cellular communications operator.

Motorola, the US electronics group, will be launching a cheap hand-portable next week.

Beer production falls flat

BEER PRODUCTION in August was 2.7m barrels, 9.8 per cent lower than in the same month last year. Bad weather reduced demand and retail sales continued to be subdued, said the Brewers' Society.

Revenue flop may cost 1,000 jobs

UP TO 1,000 staff may lose their jobs at the Inland Revenue in the next few months because demand by the public for two tax initiatives has been lower than expected.

In spite of the Revenue's first and highly-ambitious advertising campaign, which has cost it nearly £1m over the last two years, demand for the services of its claims offices around the country has failed to reach anticipated levels.

On Thursday evening the Revenue issued a statement that the operations would be reorganised, with a reduction in staff and a "rationalisation" of offices. The plan should save about 1,000 a year in salaries.

By the end of the financial year in April 1,000 jobs will go, resulting in the closure of four offices and reallocation of space, since a further 15 off-

taking the appointment after Coopers & Lybrand had a continuing professional relationship with Polly Peck and Mr Ash Nadir, its chairman, during the three years before the company was placed in administration in October 1990.

They had 28 days to appeal, but have decided not to take action.

However, they still face a hearing before the Institute's insolvency licensing committee in December.

A key part of their defence was that Coopers' internal systems did not pick up the fact that the firm was already conducting work for Polly Peck.

The two were deemed to have breached ethical rules for

INSURERS ARE set to exclude cover for terrorism from commercial insurance policies following action by the Association of British Insurers, the industry's trade body.

The ABI said that the change had been forced on the UK market by "worldwide reinsurers" in the light of considerable losses earlier this year in serious bombing incidents and the continuation of terrorist bombing in the UK.

Reinsurers are expected to meet a substantial part of the £800m claims bill stemming from two IRA bombs in London in April and have pressed UK insurers to come into line with practice elsewhere in Europe, where terrorism is excluded from commercial insurance policies.

Mr Ruth Rooley, director general of the British Insurance and Investment Brokers' Association, said that some companies would be placed in an "impossible situation".

not affected by the change. The ABI also said it has prepared a separate wording that would allow companies to buy separate cover for terrorism up to a limit of about £100,000. This facility is designed to meet the needs of small businesses.

However Mr Mike Jones, ABI chief executive, said: "Commercial policyholders may unfortunately be left uncovered."

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ANZ Grindlays Base Rate

ANZ Grindlays Bank plc announces that its base rate has changed from 8% p.a. to 7% p.a.

With effect from close of business on 13th November 1992.

ANZ Grindlays Bank plc

Private Banking

13 St. James's Square, London SW1Y 4LF

Telephone: 071-930 4611

Member ANZ Group

Andrew Jack

Tourist board opposes sell-off

By Christopher Price

THE CHAIRMAN of the English Tourist Board reacted angrily yesterday to Whitehall suggestions that it should divest part of its business, in the face of a 40 per cent cut in its government grant over the next three years.

Mr William Davis said: "This is a matter for the ETB and not for anyone else. We will not have civil servants telling us how to run our business."

Government officials earlier indicated the sale would take place amid tight control of public expenditure, as outlined in Thursday's Autumn Statement. Government funding for the English Tourist Board will fall from £15.4m this year to £2m by 1995, with 70 per cent of that total being diverted to the regional tourist boards.

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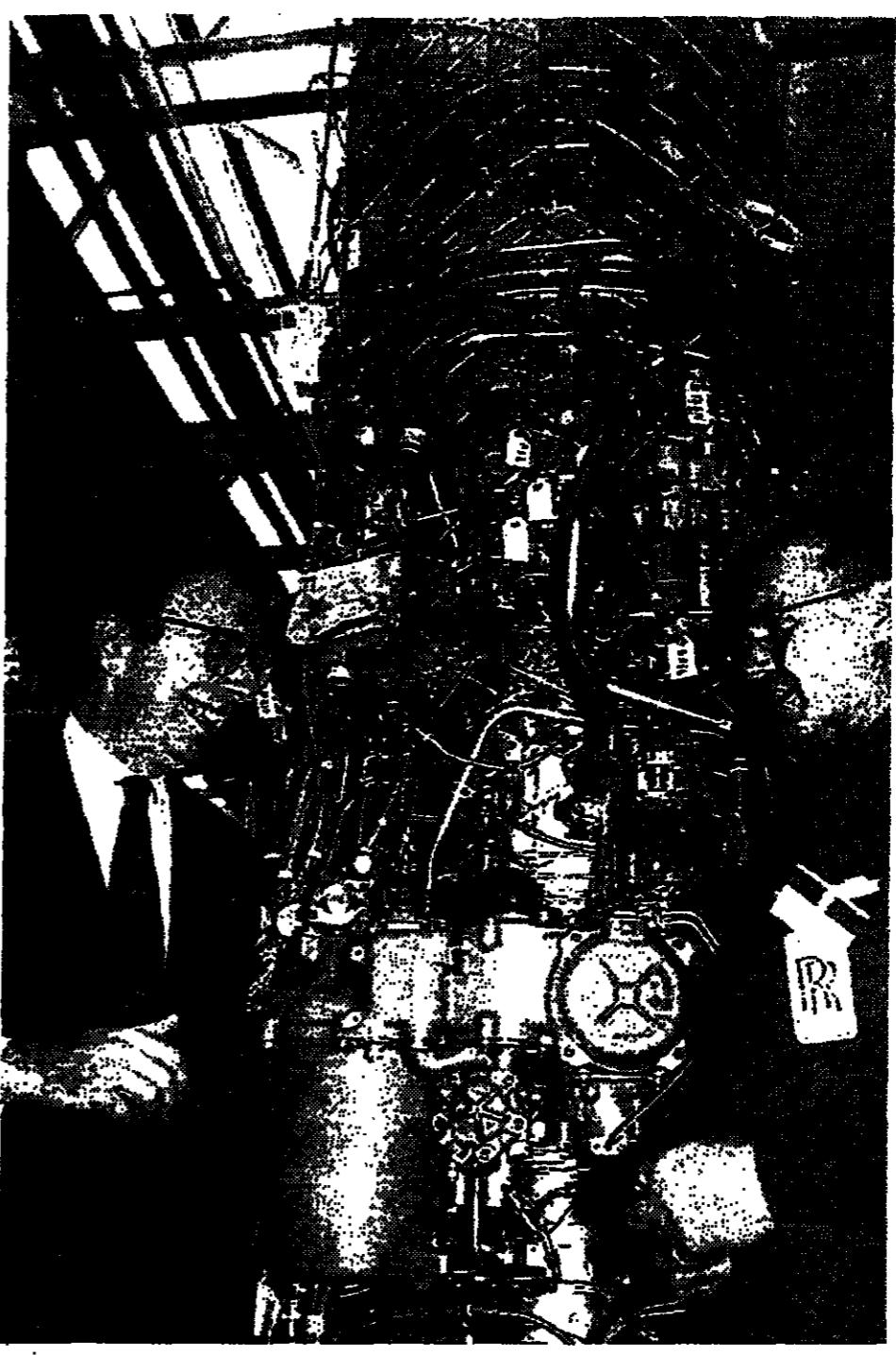
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Company car tax proposal attacked

By John Griffiths

THE CONSULTATION period for the Inland Revenue's proposed new regime for taxing company cars closed yesterday amid a chorus of criticism, with at least one accountancy group warning that "there will be considerably more losers than winners" if it is adopted unchanged.

The Revenue proposes 12 price bands with each higher band covering a successively wider range of car prices. The advantage seen in such a structure is that it would be particularly sensitive in the £10,000 to £15,000 region in which company cars are heavily concentrated.

The Revenue claims that about 1.2m company car drivers would gain. It also acknowledges that there would be 700,000 losers, some of whose tax bills could rise by up to 40 per cent.

The Society of Motor Manufacturers and Traders voiced "profound" opposition to the proposed retention of price "banding" to assess the tax benefit payable on the personal use of company cars.

The SMMT argued that any new regime should be based solely on a fixed percentage of list prices, with the exception of very expensive makes such as Rolls-Royce and Aston Martin.

The Revenue's proposals aim to make what is in effect a crude banding system unchanged in all essentials since it was introduced 16 years ago - later to company car users.

The proposals are also intended to meet criticisms from the Monopolies and Mergers Commission. The commission says the current system distorts the market by obliging manufacturers to produce "tax-break specials" - which cause market bunching - and may disadvantage specialist manufacturers such as Jaguar. The system uses a combination of price bands and engine sizes to determine tax liability.

Mr Malcolm Rifkind, the defence secretary (left), with fitter Mr James Iles in front of the EJ200 engine for the Eurofighter Aircraft.

Mr Rifkind yesterday visited Rolls-Royce's Bristol factory, where the engine is being built. He said he was "considerably more optimistic" over the future of the project following talks with Mr Valerio Röhe, Germany's defence min-

ister. Mr Röhe indicated his country's wish to remain in the EFA development phase which has so far cost £5bn.

Germany had been threatening to pull out of the multi-billion pound joint project with Britain, Italy and Spain, saying costs were too high.

Mr Rifkind pointed out that a recent review of production costs had indicated possible savings of up to 30 per cent

the figure sought by the Germans.

The first flight engine is being tested and is due to make its debut in the third prototype EFA next summer.

The first two prototypes will fly soon, powered by RB199 engines, the power packs for Britain's Tornado aircraft.

The EJ200 project employs

about 2,000 people at Patch-

way, near Bristol.

With effect from the close of business on Friday

FINANCIAL TIMES

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Saturday November 14 1992

The gamble on UK pay

A PAY POLICY by any other name would smell as foul. So, certainly, employees in the public sector are likely to feel. The government is gambling on the docility of the public sector and the common sense of the private sector. But this government likes gambling. The question is whether the government manages at last to win a bet against what look like long odds.

The £1.5bn saved by the government's limit of 1% per cent on public sector pay increases is the most significant covert tax measure in the chancellor's autumn mini-budget, equivalent to a little less than 1p on the basic rate of income tax. But it is also a potentially highly unpopular, selective control on the pay of about 30 per cent of those in employment.

Any selective pay policy is open to objection as distorting and unfair. In his Autumn Statement, Mr Lamont argued in justification that the earnings of public sector employees had risen 20 per cent over the past two years, as against 13 per cent in the private sector. But this represents catching up, since average weekly earnings in the private sector had risen by 14 per cent relative to those in the public sector between 1981 and 1990.

What the chancellor could have also said is that the government is inescapably responsible for pay in the public sector and also that attempts to impose an economy-wide pay ceiling would have created far bigger problems. While the latter point is true, it makes it no less necessary for the private sector to follow suit if the combination of increasing resentment and decreasing competitiveness is to be avoided.

The chancellor did not, in fact, make much of the role of wages in the hoped-for recovery. He remarked only that "if the gains in competitiveness from the recent fall in the exchange rate are not to be lost it is vital that all employers keep tight control over their payrolls." The public sector cannot be sheltered from the difficulties faced by the private sector, where pay awards are now the lowest in a generation.

Large increase

While the last point is true, the underlying increase in earnings in manufacturing was still as high as 5 per cent over the 12 months to September. Deflated by the retail price index (less mortgage interest), this is a real increase of 2 per cent. So large an increase in real wages after more than two years of recession seems extraordinary and depressing. More encouragingly, earnings increases have ceased over the last six months, after a 3 per cent surge in March. Should that performance be main-

tained, the chancellor will have won his gamble.

Is this likely and why does it matter? It is not likely because pay settlements continue to hover at around 4 per cent, where they have been for much of the past year. This suggests earnings growth will remain quite high. It matters because reductions in the real cost of labour are needed if the UK is to sustain strong recovery, especially after a devaluation.

Early recovery

The slight decline in output of manufacturing over the three months to September, reported yesterday, underlines the importance of early recovery. But where is it to come from? The answer is that it must come, in part, from exports. The Treasury forecasts the real growth of exports of goods and services at 5% per cent between 1992 and 1993. But this will be particularly difficult when, as it notes, economic growth in the Group of Seven industrial countries is expected to remain sluggish next year.

The point can be put in another way. The UK is in recession. This means, as Keynes taught, that the desire of UK residents to accumulate savings is leading to reduced output. But the UK also has a current account deficit, which is forecast by the Treasury at 2% per cent of GDP next year. So, despite their desire to save more, UK residents are still spending more than they are earning and borrowing the difference from abroad. This combination seems absurd.

What is needed, instead, is for the currently fruitless desire for more savings to be turned into an actual reduction in the need to borrow from abroad. This can only be done if it becomes much easier for slack domestic resources to be turned both into exports and import substitutes. That, in turn, demands improved competitiveness and greater profitability in the production of tradable goods and services. But if profitability is to grow strongly in the production of tradable goods and services after a devaluation which will certainly raise the prices of inputs, wages need to rise more slowly than the growth of productivity in these sectors.

Further decline in the rate of increase in nominal wages, combined with restraint on the growth of domestic demand, is what the UK needs for sustained recovery. Continued monetary control and tighter fiscal restraint will be needed to restrain demand. The government must show it can provide them. But determination is also needed on wages. It is now up to management in the private sector to show it possesses this quality. Only if it does so will the government win its bet.

FT writers ask whether the chancellor has restored political confidence, revived the economy and reassured the markets

RESTOR

As Mr John Major shovelled compost around a newly planted tree yesterday, he remarked: "It's just occurred to me, I've been up to my neck in this stuff all month." So the Press Association reports. In fact, it's been two months, but the period of torment may be coming to an end, writes Joe Rogaly.

Happily for the prime minister, his government has had a better half-year than any since September 16, Black Wednesday. His newly cheerful mood, brought about by the initial political response to the chancellor's Autumn Statement, may well last out the weekend and signal the beginning of a little run of confidence in both Mr Major and Mr Norman Lamont.

If so, Mr Lamont will take the credit. Thursday's statement has been widely praised as politically astute. Never mind the details. It is the package that counts. This gave Conservative MPs what they most wanted: a sense that the government may be recovering from the shock it suffered eight weeks ago. It has shown itself to be willing to try for an end to the recession. It may know what it is doing, and, more to the point, it may have found the nerve to get on with it. The anguished faces behind the front bench, so familiar to TV watchers, became relaxed as the chancellor spoke. When Mr Lamont sat down the Tories were radiant.

The creation of this strangely optimistic political atmosphere was no accident. Badly shaken by the experience of rejection by the House when the closure of 31 coal mines was abruptly announced, the government took no chances. The economic package was debated in a series of long special sessions of the cabinet. Every minister's assent was demanded. The agreed story was told over and over, to groups of MPs. They were well prepared for the details announced on Thursday. The fact that the main groups to be clobbered were low-paid public sector workers came as a relief to MPs who had been misled to expect deep cuts in social security, health and education. No wonder they cheered.

The obvious question is: "Does this mean that Mr Major and Mr Lamont are now secure?" The short answer is no. They are, however, less insecure this morning than three days ago. Then, the prime minister's hold on his authority and the chancellor's on his job seemed precarious. Both demonstrated over

the past two days that careful use of traditional political skills can pay off. The prospect that they could be hanged any morning has concentrated their minds wonderfully.

It is hard to believe that the euphoria will last. Fresh accusations of ministerial duplicity could arise from studies of the breach of the embargo on arms sales to Iraq after 1988. The markets could deteriorate. The Edinburgh summit of European Community heads of government next month could easily go wrong.

Even if the government navigates itself safely through to Christmas it must still win a parliamentary vote on financing the council tax. If local government spending is capped, services will deteriorate; if it is not, council tax will come to seem at least as onerous to households as the poll tax. Many homeowners in the south-east will pay more than under the community charge, since their houses are likely to be in the higher bands. Mr Major may soon find himself up to his neck in it again.

RWE

If the Treasury is to believe, Mr Norman Lamont's package will not cause much of a recovery over the next 12 months. The 0.75 per cent average growth expected

for the non-oil economy next year will feel just like the recession to most people in Britain. Unemployment looks certain to rise above 3m from the present 2.87m in coming months, writes Peter Norman.

But to focus on forecasts is to ignore the very considerable easing of the government's economic policy in recent weeks. Interest rates have fallen three percentage points and sterling's average value more than 13 per cent since the pound was forced to leave the European exchange rate mechanism.

These numbers are more important for the future welfare of industry, homeowners and job seekers than the individual measures announced by Mr Lamont in the Autumn Statement. But the package will certainly do no harm because it is targeted on specific areas of weakness in the economy that have made the recession the longest since the second world war.

Perhaps the most imaginative move is the plan to spend £750m between now and the end of March largely on buying 20,000 empty homes for social housing in a bid to stem the fall in house prices. There is a strong element of chance in the project, which, ministers say, will

reduce the overhang of unsold houses by about a fifth. Nobody can tell how far the new source of demand for housing will encourage people considering buying a home to firm up their plans and so get the housing market moving again.

But economists at Greenwell Montagu, the City brokers, believe this *de facto* nationalisation of part of the nation's housing stock will be positive. The programme should slow the fall in house prices by reducing the negative impact of auctioning repossessed homes. It should also produce business for local contractors who "do up" houses and help building society balance sheets, encouraging them to cut mortgage rates.

On the other hand, it is unclear how far house prices can recover so long as unemployment keeps growing – especially in the south-east. The direct effects of Thursday's measures on employment may be quite small. Many projects due for government support are capital rather than labour-intensive while the increased investment allowances are unlikely to have a rapid impact on jobs.

One exception could be the scheme allowing local authorities to spend capital receipts from asset sales. Ministers intend that the funds should be used to finance activities such as maintaining and refurbishing council houses which will provide contracts for small businesses.

Industry and commerce took a generally positive view of the government's package. Mr Richard Brown, policy director at the British Chambers of Commerce, especially welcomed the £700m of extra export credit cover, which he said would encourage small companies to break into new markets. Mr Brown, a strong critic of government policy drift following Black Wednesday, said he was "very pleased" with Mr Lamont's package.

That reaction will be music to the chancellor's ears. He insisted yesterday that the government cannot "press a button" to make the economy grow. If the latest measures boost confidence, they may at last create the conditions for recovery – even though they were born of political desperation and economic policy failure.

RESSES

That the equity and bond markets should have all their fun-in-the-anticipation rather than the event is quite normal, writes Barry Riley. Yesterday's markets looked dull in comparison to their behaviour earlier in the week, but that did not mean that the City's investment professionals were disappointed – just a little confused.

The markets are being pulled in different directions. Many investors want economic growth, but on the other hand some are scared of the high levels of public borrowing. Fears about inflation are abating but opinion remains divided and the Treasury's forecast of a 3% per cent underlying inflation rate in a year



probably splits the field.

Pretty well everybody is in favour of lower short-term interest rates which tend to stoke up the longer-term markets in equities and gilts. Thursday's one-point cut in base rates was welcomed, but is widely seen as just a step on the road to 8 per cent by the end of the year and perhaps 5 per cent next spring.

This year the Treasury, battered and bruised by its mistakes over the past 12 months, has carefully pitched its autumn economic forecast in line with the City consensus, which leaves the Square Mile little wiser.

As the Treasury pointed out, the personal sector's excessively high debt ratio, which is at the root of Britain's recessionary problems, has only declined fractionally so far. So although the Treasury is forecasting a slight rise in consumer spending, others disagree.

Among the big City securities firms, UBS Phillips & Drew appears to be one of the more bearish, suggesting that the upturn will disappoint even the modest hopes of the Treasury, and that next year's public sector borrowing requirement will be more like £54bn. Greenwell Montagu is also pitching its growth estimates lower than those of Mr Lamont.

On the other hand S G Warburg thinks the caution is being overdone and economic growth in 1993 will be 1% rather than 1 per cent.

In fact the City's forecasters – who in aiming much too high have mostly got this year's gross domestic product wrong by a massive three percentage points – do not appear to have much of a clue about how to predict the recovery, but they have prejudices which greatly affect their investment judgments.

Those who believe in growth are naturally apprehensive about the scale of projected government borrowing. Even those doubtful about the speed of the recovery are worried that the gilt market will be buried in new issues and long-term interest rates will be forced up some time later next year or in 1994.

In the equity market the question is how strongly earnings will recover in 1993. Expectations are in fact quite high, on the basis of cost-cutting and a devaluation boost to overseas and export earnings. But overall economic growth of 1 per cent is not really an exciting foundation for a decent bull market, and expectations are muted.

As for inflation, the monetarists are generally quite optimistic because the money supply has been growing only very slowly. Some non-monetarists are still worried that imported inflation will feed through and that the government may be forced to accept further depreciation of the currency in 1993.

Perhaps it was all best summed up by the economists at NatWest Treasury and Capital Markets: "Cut now, pay later."

MAN IN THE NEWS: Ray MacSharry

Street-fighter's tough stance

Ray MacSharry has caused something of a commotion in Brussels during the past 10 days. The Irish agriculture commissioner has won his trial of strength with Mr Jacques Delors, the French president of the European Commission. The question now is whether the same ruthlessness will bring back a world trade reform deal from next week's EC-US negotiations in Washington.

The MacSharry-Delors row is unique. Although Mr Delors has been outvoted before in the 17-member college of commissioners, nobody had publicly taken on probably the most powerful chief of the Commission has had. Mr Delors should have had ample warning the confrontation was coming. But, perhaps overprotected by his staff, he seems to have misjudged his man.

Mr MacSharry believes his boss was systematically undermining him – the words "sabotage" and "betrayal of trust" were used – in his efforts to settle long-standing rows with the US about subsidised food exports which are delaying conclusion of the Uruguay Round world trade package. Mr Delors believed the Irishman was going beyond what was compatible with this year's reform of the Common Agricultural Policy (CAP), and was on the point of clinching a deal which would be lopsided in America's favour. The Commission president vigorously denies allegations that he was defending the interests of France, where the unpopular government is desperate to placate farmers ahead of next March's legislative elections.

Mr MacSharry took a gamble. On November 4 he wrote to Mr Delors, explaining bluntly why he was resigning his negotiating responsibilities and turning them over to



MacSharry: gambled

than a year of abuse. Yet by May, the reform had been almost forgotten.

His normal negotiating tactics, however, are a mixture of poker and horse-trading. His move against Mr Delors looked more like a chess gambit; the first move was clear, but the subsequent moves were far from obvious. The French daily *Le Monde*, said Mr Delors dismissed Mr MacSharry's resignation as a *mouvement d'humeur*. Some movement.

It solidified majorities in the Commission and among the 12 member states in favour of a deal, flushing out – at least temporarily – an Anglo-German alliance against the French. Mr Delors and Paris were on the spot, as Europe in recession contemplated the prospect of trade war and decided to try again.

Brought up in one of the toughest schools of politics, the Flanna Fail party which has dominated Ireland since independence, Mr MacSharry is no stranger to the black arts of political street-fighting. One of his

favourite films is *The Sting*. There was a time in the build-up to the crisis when it was not entirely clear whether Mr MacSharry was after a Uruguay Round deal or Mr Delors' head.

One long-time MacSharry-watcher who heard the early rumblings was always clear what the farm commissioner was after. MacSharry deals in substance. He doesn't care about Delors; what he won't abide is people who get in his way on substance.

Throughout the clash, the Delors camp took refuge in form, rather than substance. Several of their colleagues found Mr MacSharry's tactics unseemly and distressing for the Commission's reputation, but on the substance of the matter – even Mr Delors' aides concede – most were behind the Irishman.

The substance in question has several parts. Mr MacSharry deeply resents suggestions he has caved in to American pressure. In his view, he was negotiating within the framework of the CAP reform; Mr Delors never sought to disprove this. Mr MacSharry further believes that the farm chapter of the Uruguay Round "can be settled in five minutes" with the US, provided they can settle the oilseeds dispute, on which they are close to a solution.

Deeper into the substance, almost certainly, is MacSharry's fear that failure to settle would prompt a host of challenges to the new CAP from the EC's trading partners, which would unravel his achievement in farm reform.

For all the future, it is also part of the substance that Mr MacSharry left negotiations in Chicago on November 3 because the US refused to accept his bottom line – not because of Mr Delors.

If the US does levy its punitive tariffs on EC goods in three weeks, Mr MacSharry would certainly back EC trade reprisals. And while hopes are high for next week's talks, Mr MacSharry has again demonstrated that he does not budge easily.

David Gardner

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Joe II not i63

COMPANY NEWS: UK

Booker shares fall 27p on profit forecast cuts

By Maggie Urry

SHARES in Booker, the food group, fell 27p yesterday to 345p, adding to a fall of 32p on Thursday, to cut the shares by 12.4 per cent over two days.

The share price fall was in response to cuts in profit forecasts for the group following management changes in the group's Booker Fitch food services subsidiary, a wholesaler serving the catering market.

Stockbrokers have reduced forecasts for pre-tax profits in the current year to around £30m from earlier estimates of £35m to £100m, compared with £103.9m reported for 1991.

Mr Jonathan Taylor, chief executive of Booker, said the strategy behind the acquisition of Fitch Lovell in September 1990 was still valid. The catering market, for example,

should return to growth as the recession ended and the trend to eating more meals outside the home resumed, he said.

He said that "a good bit more" could be done to improve efficiency in the Booker Fitch food services business, which could be "better accomplished by a new management team". The subsidiary was in the process of renegotiating contracts with some of its large customers which run chains of restaurants.

As well as difficult trading conditions, the profits are expected to be depressed by an exceptional charge of around £5m covering rationalisation costs in the subsidiary, part of Booker's food distribution division. Analysts said they expected some depot closures and job losses.

Mr Tony Moss has been replaced as operations director by Mr Fred Barnes who is moving across from another company within the division. Mr Moss has resigned from Booker.

Exceptionals help push Bimec Industries £7.87m into the red

By Peter Pearce

BIMEC INDUSTRIES, the engineering and waste treatment company where there was a boardroom shuffle in September, has tumbled from pre-tax profits of £3m to losses of £7.87m in the six months to September 30.

There is no interim dividend: last time 0.67p was paid and the final for the year to March 31 was cancelled shortly before the August annual meeting.

Mr Roy Barber, the company director brought in to replace Mr Sam Smith as chairman and chief executive, said yesterday that the final dividend shock - coupled at the time with a 20 per cent fall in production and growing liquidity problems - meant that he had had to do "a lot of hard talking" to stanch the flow of business away from Bimec. He also negotiated a further £1m facility with Lloyds Bank for general working capital requirements.

He said that his job now was to reduce gearing from its current 269 per cent level - at the year-end it had been 60 per cent - and that meant tak-

ing the group back five years through a divestment programme.

He said he was in discussions with three operations interested in the aero and industrial technology division". He said the recent devolution of sterlring had made it more valuable. Much of its turnover is in US dollars or is dollar-driven: users of the technology include airlines and offshore oil companies.

Mr Barber is talking to two parties interested in the environmental engineering division but said that the cash price would be low. It is essentially a mechanical and electrical contractor in large buildings hit by the downturn in the building industry, and a general building maintenance concern built up by Mr Smith. This latter includes Pearl Holdings, acquired for 3.25m shares then valued at 19.4p each.

These disposals would leave the core water and waste treatment division rump which "has considerable experience" and operates in legislation-driven markets with "substantial medium and long-term potential".

Hanson drops bid for RHM

Hanson, the Anglo-American conglomerate, formally dropped its bid for Banks Hovis McDougall yesterday. The bid, of 220p a share in cash, had been superseded by a higher offer from Tomkins, another industrial conglomerate. A week ago Hanson said it would not increase its bid, effectively withdrawing.

Hanson had received acceptances from holders of 93.651 RHM shares by late yesterday.

Cable and Wireless

Cable and Wireless, the international telecommunications group, will only make a £120m exceptional profit from the sale of 20 per cent of its Mercury Communications subsidiary to BCE, the Canadian Telecommunications giant, and not the £300m it announced at the time.

Nestlé in discussions for purchase of Clarke Foods

By Peggy Hollinger

NESTLÉ yesterday confirmed that it was in talks over the possible purchase of Clarke Foods, Britain's second largest ice cream manufacturer which went into receivership last month.

If Nestlé managed to win Clarke, it would be the Swiss-owned company's first entry into the UK ice cream market. It is not the only bidder, however, with industry sources citing Mars and Grand Metropolitan as possible candidates. The discussions could end as early as next week.

Clarke's state-of-the-art manufacturing plant would be particularly attractive to the likes of Nestlé. Delays on the installation of this equipment during the hottest summer months were behind Clarke's collapse.

Mr Henry D Clarke, its former chairman, has abandoned his attempts to buy the business back from the receivers.

the brands, which include Lyons Maid.

Clarke paid Allied Lyons just £7.5m of the £12m agreed price for Lyons Maid last year before it went into receivership with debts of about £25m.

Industry observers said the deal would make sense for Nestlé, which has ice cream interests in the US and continental Europe. The highly acquisitive group has invested an average of £270m (£300m) annually on expansion and restructuring over the past five years.

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A Yorkshireman's idea of glasnost

'If we can't avoid it, let's . . . put all issues on the table'. Neil Buckley reports on British Gas

THREE is more than a touch of Yorkshire bluntness to Mr Cedric Brown's description of the management culture of British Gas.

"Bureaucratic, slow-moving, committee-ridden, resistant to change" is what can only be described as his no-nonsense assessment.

These criticisms are not new, but to hear them from the man responsible for the day-to-day running of British Gas is new, and may pressue more sweeping change ahead. Indeed, Mr Brown uses the word "change" almost as often as Mr Bill Clinton.

British Gas reports its third-quarter results this week, and most analysts are forecasting losses of between £90m and £200m for what is traditionally a low-demand period. Net income for the year is still expected to be about about £1bn, but beyond that British Gas faces great uncertainty as the structure of the UK gas market changes.

In his first interview since taking over as chief executive in August, Mr Brown told the Financial Times that his biggest challenge was to change the culture of British Gas. The attack of glasnost that has broken out in the company is the first stage of that process - something the 57-year-old Yorkshireman, who began his career as a gas distribution engineer in 1953, is happy to take personal credit for.

"If it had been a corporate desire, if it had been discussed, the British Gas culture would have taken over and the words would have been different words, and there would have been a lot of padding around, and it would never have emerged."

The most significant changes

that may be imposed on British Gas are outside the company's control, but Mr Brown was largely responsible for the decision to put the company in this position.

The day before he officially took over as chief executive, he announced that British Gas had taken the unprecedented step of submitting itself, and the whole of the UK gas market, to a wide-ranging inquiry by the Monopolies and Mergers Commission.

The move, he says, was a reaction to "piecemeal" regulatory changes imposed by Sir James McKinnon, the industry regulator, and the Office of Fair Trading, which left the company facing deep uncertainty over its future.

Although Sir James was already proposing a reference to the MMC on the issue of the rate of return, British Gas could earn on its pipeline and storage business, Mr Brown feels he seized the initiative by seeking a comprehensive inquiry.

"My feeling was, if we can't avoid it, let's have one reference that puts all the issues on the table, and let's see where that gets us."

"At the end we might not like the answer; but at least we might then be out of the uncertainty."

This means cutting the bureaucracy, reducing the number of committees, devolving more responsibility to heads of British Gas's different business units and at the same time making them more accountable, and promoting more young blood.

Management may need an overhaul, but Mr Brown is proud of BG's record on safety and service - reiterating one of British Gas's proudest boasts that it is second in terms of customer approval ratings only to Marks and Spencer, the retailing chain.

While the future overall shape of British Gas may now hinge on the findings of the MMC, however, Mr Brown is pressing ahead with his own programme of change.

As managing director of regional operations he had already seen through a reorganisation that resulted in the loss of 2,000 jobs. One of his first moves as chief executive was to call in McKinsey, the management consultants, to conduct a wide-ranging review of BG's 4,000-strong corporate centre. Every function will be under scrutiny.

Job cuts are almost certain, and Mr Brown said his intention was to make BG's central management "lean and mean".

"But not just lean and mean in the numerical sense - it will certainly be that - but focused on what the corporate centre should be."

Two weeks ago Mr Brown further stamped his identity on the company through a reshuffle of the top jobs. The changes may look like a game of musical chairs, but Mr Brown insisted they and the McKinsey review are part of the same plan: to take "can-opener" to the management and "get rid of the spaghetti".

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Trevor Humphries

Cedric Brown: a new broom sweeping into British Gas

"My objective is to overtake Marks and Spencer," he said. "We are closing the gap."

That British Gas should be anxious to outperform a leading retailing chain while at the same time trying to take on the oil majors at their own game is a measure of the size and scope of British Gas now.

Whether the MMC decides, BG is likely to face a fall in earnings from its UK gas business, which has made the drive for international expansion all the more urgent. Mr Brown says British Gas is on track to achieve the target set by Mr Evans of increasing the share of group earnings from exploration and production and Global Gas to 40 per cent and 20 per cent respectively.

"I have always believed that as I am promoted into a different job, whatever I am . . . it was good enough to get me into that job, so for Christ's sake don't change. You've been lucky so far, so stay with it, and maybe you will go a bit further."

YRM share price dives 11p on dividend warning

By Andrew Taylor, Construction Correspondent

THE SHARE price of architects YRM fell from 40p to 29p yesterday after the company warned that it planned to cut its interim dividend following a loss during the six months to the end of October.

The group said that it expected to make a pre-tax loss of about £500,000 for the half year to October 31.

As a result, it expected to pay an interim dividend of 0.6p per share, against 1.65p last year when the group announced profits of £534,000.

The company yesterday blamed redundancy costs and fierce competition in a much reduced construction market for its latest setback.

It said redundancy costs of about £200,000 would result in savings which would benefit the group in the second half.

YRM added that markets had continued to be very difficult and that it would decide the level of the final dividend in the light of the results for the full year.

The continuing slide in architects' workloads is worrying for the rest of the construction industry, such as contractors and building material suppliers, which win contracts much later in the building cycle.

YRM has already cut its final dividend once, from 3.35p to 2.85p, making a total of 4p (5p) for the year to April 30 1992 when pre-tax profits fell by 31 per cent to £1.37m.

McLeod Russel in merger talks with Wheway

By Matthew Curtin

MCLEOD Russel Holdings, the paints producer and distributor, is due to return to the stock market on Monday after agreeing with the Stock Exchange that a suspension lasting nearly two years should be lifted.

The Exchange suspended GPG in 1990 because it was regarded as a "shell" company without any real underlying businesses. GPG has since been restructured. Although the company is still only a holding company, the Exchange has withdrawn its reservations.

GPG's main asset is a 54.5 per cent stake in Tyndall Australia, a life insurance and fund management company. GPG also owns 66.3 per cent of MBM, a small Australian resources company, Eagle, a US investment manager, and

group's pre-tax loss in the year to October would exceed last year's £720m deficit.

Wheway's shares fell 5p to 12p, down from a high this year of 34p, knocking its market value to £9.8m.

A deal may see McLeod obtain the engineering arm it wants, while bringing badly needed finance to Wheway to help it accelerate development of its main businesses.

McLeod, which reported a 9 per cent

increase in full-year pre-tax profit on Thursday, is in the hunt for a new business to add to its paints division and textile machinery operation. It has a strong balance sheet with net cash balance reserves of £10m.

Wheway has struggled to make profits in the past two years from its core businesses to cover interest charges and costs from its shift out of heavy engineering.



Ashley Ashworth

Dan-Air ended up as the largest operator at Gatwick with a fifth of the slots

personal fortune of Mr Richard Branson, chairman of Virgin Atlantic Airways.

When Mr Branson pulled out, Mr James said he was desperate. Final calls and faxes to the heads of other airlines received just one positive response, from Lord King of BA, which earlier in the year walked away from the idea of chartering Dan-Air to run some scheduled services from Gatwick.

Mr James was called in to an extraordinary meeting at Gatwick, where he was asked to approve the winding up of Dan-Air. He agreed, and the airline was closed down.

In return for taking on £25m of liabilities - including £10m of ticket holders, BA has acquired 12 relatively new Boeing 737s and 14 of Dan-Air's 28 scheduled services. The charter business has closed.

The letting down of shareholders has raised some questions about the handling of the episode by Mr James, who has also been involved as company doctor at Lep Group, the freight forwarding and security concern.

Was it wise to expand the scheduled side in a recession? Did he cut costs quickly and

deeply enough? Did he take on too much in heading both Davies & Newman and Lep? Did he act soon enough to try to bring in a trading partner? Did he do more for the banks than the shareholders?

He admits that shareholders might feel the urge to take him by the scruff of the neck (Bankers, however, might want to shake his hand). With Dan-Air disposed of, he is once again under pressure from the City to take on another company in intensive care.

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Issue Price	Amount Paid	Latest Return Date	1992		Stock	Closing Price	+ or -	P/E Ratio
			High	Low				
100	F.P.	-	100	97	Beta Global Energy Max C	97	-1	13.0
100	F.P.	-	226	193	Derlinge Klesker	225	-1	13.0
100	F.P.	-	131	12				

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LONDON STOCK EXCHANGE

Shares fall as trading account closesBy Terry Byland,
UK Stock Market Editor

FURTHER consideration of the UK government's autumn economic statement and profit-taking ahead of the close of the equity trading account prompted a sharp fall in government bonds and drove the FTSE index down through the 2,700 mark again yesterday.

Disquiet was expressed by many City analysts on the outlook for government funding which, some suggested, might crowd out demand for equities next year.

The latest inflation data, showing an unchanged annual rate of 3.6 per cent in October, was a slight disappointment while a regional survey from the Confederation of British

Account Dealing Dates		
First Dealing	Nov 2	Nov 16
Opt-in Deadlines	Nov 12	Nov 26
Last Dealings	Nov 13	Nov 27
Assessment Days	Nov 22	Dec 7
Final Day	Dec 21	

Yesterdays' deals were from 2,700 business days earlier.

Industry indicated that the UK economic recession was widening to afflict new areas.

Losses in government bonds ranged to nearly a full point at the long end of the range. Index-linked gilts, the market's favourite inflation hedge instruments, suffered similar losses.

In equities, the weight of profit-taking fell on the Footsie-listed stocks. Many second-line issues, including motor

industry stocks expected to benefit from the abolition of car tax, stood up well.

The FTSE index, on the downward path from the opening, was additionally weakened as the premium on the December futures contract melted away. The index closed 28.8 at 2,675.9, near to the lowest level of the day.

Profit-taking was fairly widespread but took in most of the retail and building stocks which had been regarded as the most obvious beneficiaries from the chancellor's moves to cut interest rates and to encourage economic activity.

Sequoia reported volumes as high as 523,100 shares, underlining the weight of the selling pressure. Thursday's 735.4m shares reflected retail business worth a healthy £1.3bn.

funding problems could prove an important factor, one leading analyst concluded by saying: "We are not worrying about yields today."

Another commented: "We need another one-point cut in base rates," adding that Budget deficits could prove a problem "down the road".

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Booker concerns increase

FOOD distributor Booker tumbled for a second day as brokers continued to down-grade the group because of concern regarding Booker Fitch, its distribution subsidiary. There were also growing worries over the safety of Booker's dividend. Mr Carl Short at Nomura said: "The shares would have fallen further but for the safety net that the confidence in the dividend provides. But any further disappointments will put it in jeopardy and with it the level of the shares." At Smith New Court, Mr Tim Potter agreed: "The Christmas trading period will be crucial for them in this respect."

Two directors are said to have left the division as Booker management have embarked on a rationalisation programme to combat the problems in its distribution arm. Booker bought Fitch Lovell in 1990 but has had problems integrating the two businesses. With yesterday's price fall of 27 to 345p, the shares have lost 12.5 per cent in two days. Among a welter of profit-downgrades, Nomura moved from £103.5m to £90.5m. Smith New Court from 288m to 290m and BZW from 298m to 294m.

Royal in favour

Although the chancellor's Autumn Statement was broadly good news for the insurance sector, Royal was the only stock to show an improvement on the day as a number of analysts pointed out the relative value in the stock. The group, which had previously reported a sharper cut than expected in its pre-tax loss for the first nine months, consolidated Thursday's gains with a rise of 12 to 259p.

Kiehne-Benson specialists pointed out that Royal was priced at a 25 per cent discount to net assets while most other insurers were at a premium. Royal is also one of the group most heavily exposed to mortgage indemnity and the government's commitment to spend £750m on the housing market to check falling prices helped sentiment. Of its rivals, Sun Alliance, the most heavily exposed to mortgage indemnity, fell 3 to 328p, while Commercial Union, at an estimated

30 per cent premium to assets lost 5 to 505p and General Accident, at a 20 per cent premium, slipped 8 to 560p.

A fall in the price of Brent crude sent oil shares lower. Esso closed 5 off at 160p. Shell eased 8 to 510p on Tuesday.

A shortage of stock combined with buy recommendations helped lift EICC, the shares, adding 13 to 278p.

County NatWest and BZW

were said to be buyers as the worries over the group's property exposure were felt to be in the shares. Smith New Court moved its figures into line with the market yesterday, lopping around 55p from this year's profit forecast to 283.4m. The house remains a keen buyer.

Positive consideration of BT's results lifted the shares 2 to 300p. Recovery stocks in the engineering sector were in demand. TI Group rose 10 to 285p - BZW said to be recommending it.

Marketeers knocked BOC back by 8 to 630p on bear rumours due to a 12-month high, and closed 2 firmer at 603p. The shares have risen steadily since October 30 when Reed announced final terms of the planned merger.

Lehman Brothers expects Reed's profits to rise to 2450m by the end of 1994 against a company forecast of 224m for 1992. Also, County NatWest has moved Reed on to its list of top 30 recommended stocks.

United Newspapers firmed 4 to 457p as concerns that the government might impose VAT on newspapers as part of the Autumn Statement proved unfounded.

Eurooney lost 22 at 886p as profit-takers moved in following good figures on Thursday.

Most banks were weak as institutions adjusted portfolios to buy HSBC following the placing of 80m new shares in HSBC Holdings on Wednesday. NatWest was the principal target with the shares falling 10 to 375p. However, HSBC slipped 14% to 542.8p reflecting a sharp fall in the Hong Kong market.

Yield considerations brought buyers into selected electricity stocks in late trading, among which, Eastern rose 6% to 424.2p, Northern 11% to 461.4p and South West 9 to 450p.

Switching was said to be taking place out of Scottish and Newcastle as nervous talk was heard ahead of its results. The share fell 15 to 415p.

In more wide-ranging assessments of the autumn economic statement, market strategists continued to express somewhat cautious views of the outlook for equities. Peter Thorne at Nikko Securities advised selling building contractor stocks should there be any sustained rally on the back of the measures disclosed.

While Nikko believes that the potential value of the partially-privatised work announced in the economic

statement could be worth more than £15bn, and involve a long list of industry beneficiaries, it could prove impossible to predict the winners among the contractor companies.

MARKET REPORTERS:

Christopher Price,
Peter John,

■ Other market statistics,
Page 3

■ Continued from Page 12

Rule 535(2)

No. of shares included 18

Africa Ltd PLC Ord 1p - Ord 17
(1992)

African Gold PLC Ord 1p - 0.1035
(1992)

American Breweries Co Ltd Ord 1p -
2.00

Barclays Investment Fund CL1 Global
Sterling Bd Fd - 22.452p

Blaire Holdings PLC Ord 1p - 21.71
(1992)

British PLC Ord 50p - 10.250

Castrol PLC Ord 1p - 10.100

Franchise Mktg Int'l Ltd Ord 0.01

Gardiner River Resources PLC Ord 6p -
0.02 (1992)

Globe & Mailway/Migs PLC Ord 25p -
0.01 (1992)

Heyer Brookside PLC Ord 1p - E1
(1992)

Investment General Fund Man Inv Inc

Unibond Fund - 25.58 (1992)

Japanese Fund - 30.57 (1992)

Joint Equity Fund - 22.1219 (1992)

Lewis PLC Ord 1p - E1 (10.0002)

London Stores PLC Ord 1p - E2
(1992)

Manchester City Football Club PLC Ord 1p -
E1 (10.0002)

Maritime Business Investments Ltd Ord 5p -
0.01 (1992)

New Scottish Insurance PLC Ord 50p -
0.25 (2.55) (1992)

North Sea Exploration PLC Ord 2p - 1
(1992)

Petroleum Income Offshore UK Growth -
6.76 (1992)

Rangers Football Club PLC Ord 1p - E1
1.35 (11.0002)

Regent Inn PLC Ord 25p - 23.73
(1992)

Realty Asset Management PLC Ord 1p -
Court Major UK Co's Fund - 20.00283

Schroder European Bond - 0.02 (10.0002)

Shoreline Holdings PLC Ord 1p - 25.05 6.1
(1992)

Select Industries PLC Ord 25p - 20.03

New Ord 7.50p Regis Reg - 20.0025

Shoreline Investments Ltd A*1 Ord E1 - 24.05
4.45 (11.0002)

Southern Newspapers PLC Ord 21 - 22.4

Surestar Harbour Ridge Ltd Ord 25p - 23.6
3.7 (1992)

Tyco International (USA) Inc Ord 25p - 21.15
5.215 (1992)

Vista Entertainment PLC Ord 50p - 0%
Westpac Ltd 1d* Nov Ord 25p - 21.85
(1992)

RULE 535 (4) (a)

Bargains marked in securities

where principal market is outside the UK and Republic of Ireland.

Consolidated Mining and Royalties granted in London and delisted and not recorded in the Official List.

Richard Mooney

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Continued from Page 12

Rule 535(2)

No. of shares included 18

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(1992)

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Globe & Mailway/Migs PLC Ord 25p -
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Heyer Brookside PLC Ord 1p - E1
(1992)

Investment General Fund Man Inv Inc

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Japanese Fund - 30.57 (1992)

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London Stores PLC Ord 1p - E2 (12.2002)

Manchester City Football Club PLC Ord 1p -
E1 (10.0002)

Maritime Business Investments Ltd Ord 5p -
0.01 (1992)

New Scottish Insurance PLC Ord 50p -
0.25 (2.55) (1992)

North Sea Exploration PLC Ord 2p - 1

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(1992)

Oil & Gas 1d* Nov Ord 25p - 23.73
(1992)

Realty Asset Management PLC Ord 1p -
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AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS			
	Joint Costs	Unit Price	Offer + or Yield
AIB Unit Trust Managers Limited (1000)F			
53 Belmont Rd, Uxbridge, Middlesex UB9 1HZ 0895 229723			
AIB Growth Advance	\$143.5	146.12	155.9 1-161.00
AIB Growth Equity	\$161.5	164.0	166.5 1-167.00
AIB Growth Euro	\$143.7	145.9	153.5 -440.00
AIB Growth Int'l Extended	\$160.6	97.26	100.3 1-101.00
AIB Growth Int'l	\$175.74	75.76	78.11 -121.00
AIB Growth Japan	\$118.6	114.94	126.2 1-120.00
AXA Equity & Law Unit Trust Managers (1200)H			
Equity & Law Inc, Corporation St, Coventry 0203 552211			
General Inv	\$170.0	162.0	165.4 1-167.00
UK Growth Inv	\$270.0	262.0	264.0 1-265.00
UK Growth Inv Acc	\$200.0	203.42	204.1 1-205.00
UK Growth Inv Acc	\$482.2	470.0	522.2 1-544.00
Higher Inv Inc	\$197.3	192.00	202.0 1-203.00
Higher Inv Inc	\$166.9	160.9	178.4 1-180.00
Gilt Inv Fund Inv Acc	\$190.0	185.0	195.0 1-196.00
Gilt Inv Fund Inv Acc	\$230.0	220.0	235.0 1-236.00
North America Inv	\$130.0	125.0	135.0 1-136.00
Far East	\$200.0	200.0	204.0 1-205.00
Europe	\$200.0	195.0	205.0 1-206.00
Brit Foothills Inv Acc	\$172.97	167.04	168.66 -3 35.73
Brit Foothills Inv Acc	\$172.94	174.62	174.62 1-175.73
Brit Financial Inv	\$158.00	157.57	162.31 -125.73
Global Opps	\$161.15	164.84	164.84 1-165.73

General Acc	5 415 7	416 0	442 b	-3 0	3 16	UK
UK Growth Acc	5 279 0	283 380	301 b	-1 6	3 56	Com
UK Growth Inc	5 200 1	203 484	216 4	-1 1	3 56	Euro
Higher Inc Acc	5 482 2	490 0	522 2	-1 4	4 94	Euro

	Units	Value	Units	Value
Higher Inc. Inc.	297.3	\$12,242	222.0	-0.6-4.94
Gilt/Fed Inv. Acc.	168.4	178.4	112.0	-0.6-4.94
Gilt/Fed Inv Inc	91.00	91.00	96.12	-0.13-6.82
Nth America	340.3	244.24	260.9	-1.1-5.00
Far East	230.8	230.80	245.6	-5.6-5.00
Eurozone	60.00	200.0	121.84	-0.6-5.70
Gilt Fd Inv	57.02	\$7,024.00	60.68	-0.14-5.73
Gilt Fd Inv Acc	168.42	178.42	172.00	-0.6-4.94
Gilt Fd Inv Inc	91.00	91.00	96.12	-0.13-6.82
Gilt Fd Inv Corp	44.85	44.85	44.53	-4.7-5.80

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	Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		
JERSEY (SUB-RECOGNISED)																										
	Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		
Lloyds Bank Trust Co (Jersey) Ltd	\$1.00	\$1.00				Lloyds Bank Trust Co (Jersey) Ltd	\$1.00	\$1.00			Nomura Global Fund (a)	\$0.71	\$0.71			Austria-Hungary Fund Ltd	\$0.95	\$1.00			Global Asset Management - Contd.	\$0.80	\$0.80			Northfield International Ltd
Levi-Strauss & Co	\$1.00	\$1.00				Unicredit Trust Co (Jersey) Ltd	\$1.00	\$1.00			Europe Value Fund (a)	\$0.71	\$0.71			Lion Fund Managers (Gibraltar) Ltd	\$0.74	\$0.74			Other Asset Management Limited	\$0.80	\$0.80			Other Asset Management Limited
High Income Fund	\$1.00	\$1.00				Union Bank Of America Corp	\$1.00	\$1.00			Europlus (a)	\$0.71	\$0.71			CAM Asia Fund	\$1.10	\$1.10			Old Icelandic International Ltd	\$0.80	\$0.80			Old Icelandic International Ltd
International Equity	\$1.00	\$1.00				US Bank Corp	\$1.00	\$1.00			Fidelity Int'l Inv Mgmt (Luxembourg) SA	\$0.79	\$0.80			CAM Asia-Macau	\$1.10	\$1.10			Omega Overseas Partners Ltd	\$1.00	\$1.00			Omega Overseas Partners Ltd
International Bond	\$1.00	\$1.00				Wells Fargo & Co	\$1.00	\$1.00			Fidelity Investment (LCD) Ltd	\$0.79	\$0.80			CAM Asia-Pacific	\$1.10	\$1.10			Optima Fund Management	\$1.00	\$1.00			Optima Fund Management
Starrett Currents	\$1.00	\$1.00				Wells Fargo & Co	\$1.00	\$1.00			First Natl Inv Mgmt (Luxembourg) SA	\$0.79	\$0.80			CAM Asia-Pacific Inv	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
US Convex	\$1.00	\$1.00				Wells Fargo & Co	\$1.00	\$1.00			Flights Investment (LCD) Ltd	\$0.79	\$0.80			CAM Asia-Pacific Inv	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Iraqi Currency	\$1.00	\$1.00				Wells Fargo & Co	\$1.00	\$1.00			Flights Investment (LCD) Ltd	\$0.79	\$0.80			CAM Asia-Pacific Inv	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
R & H Fund Managers Ltd	\$1.00	\$1.00				Wells Fargo & Co	\$1.00	\$1.00			Flights Investment (LCD) Ltd	\$0.79	\$0.80			CAM Asia-Pacific Inv	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
LTN Sterling Fund	\$1.00	\$1.00				Wells Fargo & Co	\$1.00	\$1.00			Flights Investment (LCD) Ltd	\$0.79	\$0.80			CAM Asia-Pacific Inv	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
LTN Short-Term Fund	\$1.00	\$1.00				Wells Fargo & Co	\$1.00	\$1.00			Flights Investment (LCD) Ltd	\$0.79	\$0.80			CAM Asia-Pacific Inv	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Target International (Iota of Man) Ltd	\$1.00	\$1.00				Wells Fargo & Co	\$1.00	\$1.00			Flights Investment (LCD) Ltd	\$0.79	\$0.80			CAM Asia-Pacific Inv	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Hudson Miles WMS	\$1.00	\$1.00				Wells Fargo & Co	\$1.00	\$1.00			Flights Investment (LCD) Ltd	\$0.79	\$0.80			CAM Asia-Pacific Inv	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
JERSEY (REGULATED)*																										
	Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		Bid	Offer	+/-	Yield		
AIB Fund Managers (Gibraltar) Ltd	\$0.95	\$0.95				Crusade Group (a)	\$0.71	\$0.71			Nomura Global Fund (a)	\$0.71	\$0.71			Astro-Hungary Fund Ltd	\$0.95	\$0.95			Global Asset Management - Contd.	\$0.80	\$0.80			Northfield International Ltd
PB Corp Ad St Heller Jersey	\$0.954	\$0.975				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			Lion Fund Managers (Gibraltar) Ltd	\$0.74	\$0.74			Other Asset Management Limited	\$0.80	\$0.80			Other Asset Management Limited
ATM Company Fund Ltd	\$0.95	\$0.95				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia Fund	\$1.10	\$1.10			Old Icelandic International Ltd	\$0.80	\$0.80			Old Icelandic International Ltd
Managed Capital Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Macau	\$1.10	\$1.10			Omega Overseas Partners Ltd	\$1.00	\$1.00			Omega Overseas Partners Ltd
ATM Growth Fund	\$0.95	\$0.95				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Optima Fund Management	\$1.00	\$1.00			Optima Fund Management
Starling Currency Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
US Dollar Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Bond Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Commodity Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Industrial Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Infrastructure Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Technology Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Utility Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Water Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Yield Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Yield Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Yield Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Yield Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Yield Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Yield Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Yield Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.71	\$0.71			Northstar Fund (a)	\$0.71	\$0.71			CAM Asia-Pacific	\$1.10	\$1.10			Orbita Fund Management	\$1.00	\$1.00			Orbita Fund Management
Starling Yield Fund	\$1.00	\$1.00				Crusade Group (a)	\$0.																			

WORLD STOCK MARKETS

AMERICA

Dow declines despite good economic data

Wall Street

ENCOURAGING economic news was not enough to prevent US equities from drifting lower for a second consecutive day, writes Karen Zager in New York.

At 1pm, the Dow Jones Industrial Average fell 11.80 to 3,227.90. Big board volume was less than 116m shares, and declining shares led advancing by 860 to 724. Most of the other market indices mirrored the Dow's slight decline, with the Standard & Poor's 500 off 7.35 at 421.15 and the American Stock Exchange composite edge 0.58 lower to 388.65. The Nasdaq composite added 0.86 to 635.23.

Shares had been expected to advance following the release of better-than-expected retail sales and signs that inflation remained moderate in October. Retail sales rose 0.8 per cent in October, above the 0.6 per cent most analysts had expected.

At the same time, the consumer price index rose 0.4 per cent, or 0.5 per cent stripping out the food and energy elements. Although consumer prices were higher than expected, the increase was not enough to provoke fears of inflation.

General Motors, in the midst of a massive restructuring of its loss-making North American vehicle operations, was one of the most active NYSE stocks for a second day, rising 5% to \$31. On Thursday, the automaker told analysts it is aiming to break even in 1993, before interest and taxes.

Among the other big auto makers, shares in Chrysler slid 3% to \$27.40 and Ford added \$1.40 to \$39.4.

Bullish sentiment about the Gap lifted the stock 5% to \$24.30, on top of its 2% gain on Thursday, although the highly-regarded specialty store group saw pre-tax earnings slide to \$22m in the third quarter from \$27.8m a year earlier.

The company predicted

Ms Anita Wager, an analyst at PaineWebber, increased her investment rating on the stock in spite of the earnings erosion, saying the company appears to have costs under control and that its merchandise looks "better than it has in the last six months".

Shares in Tele-Communications led Nasdaq trading following the release of third-quarter results late Thursday. The issue gained \$1.10 to \$19 after the company unveiled net income of 8 cents a share compared with a deficit of 7 cents a year earlier.

Michael Foods was one of the biggest winners of the morning following a ruling that a competing egg product infringes patents licensed to Michael Foods. Shares in the company soared \$1.30 to \$11.40 but remained well below their 52-week high of \$20.40.

In contrast, Holson Burns plunged \$5 to a 52-week low of \$7.40 after the company, which makes and distributes photographic albums, said its 1992 earnings from continuing operations would be substantially below expectations.

The company predicted

income as low as 40 cents a share compared with analysts' expectations of at least 50 cents.

Canada

TORONTO stocks slid in quiet midday trading, and the only bright spot was the gold sector.

The TSE 300 was down 11.9 to 3,271.9 on volume of 31.1m shares valued at C\$341, with advances leading declines by 204 to 219 with 257 unchanged.

SOUTH AFRICA

JOHANNESBURG was mixed in pre-weekend trading, as weakness in De Beers took 4 off the overall index to 3,041.

But continued demand for selected industrials lifted that index by 8 to 4,072. Golds rose 9 to 777 on firmer bullion.

The market was led higher by car and engineering stocks which were seen as oversold.

Daimler rose DM11.20 to FF75.40, BMW added DM3.50 to DM50.5 and Volkswagen gained DM4.30 to DM28. Preussag added DM4 to DM344.50 and Metallgesellschaft put on DM338.

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ASIA PACIFIC

Nikkei eases on options settlement

Tokyo

THE settlement of November stock index options dominated activity, and share prices finished slightly lower on index-related selling, writes Emiko Terazawa in Tokyo.

The Nikkei average fell 4.16 to 15,330.79, down 3.2 per cent on the week, after a low of 15,174.72 and a high of 15,457.17 just before the close. The index gained ground on buying by investment trusts in the afternoon, but lost steam in the last few minutes on arbitrage unwinding and index-linked selling.

Volume rose to 320m shares from 215m on option-related activity. Traders sold some 200m shares changed hands in the first hour of the morning on activity related to the fixing of settlement prices of November option contracts. "The rest of the day was very, very lacklustre," said Mr Brian Tobin at SG Warburg Securities.

Dealers led advances by 510 to 414 with 181 issues remaining unchanged. The Topix

index of all first section stocks shed 4.64 to 1,242.24 and in London, the ISE/Nikkei 50 index fell 0.78 to 1,014.48.

Institutional and foreign selling depressed high-technology blue chips. NEC lost Y10 to Y527 and Fujitsu fell Y1 to Y510. Financials were lower on grim earnings prospects. Sumitomo Bank fell Y10 to Y1,700 and Nomura Securities lost Y10 to Y1,200.

Siemens continued to be heavily traded after its annual results earlier this week, gaining DM6.20 to DM578.70.

Among smaller stocks, Bremer Vulkan added DM3.20 to 4.6 per cent to DM73.30 on news that its aircraft technology unit had won a DAF350m order.

Veba dropped DM1.50 to DM343 on news of a 14.2 per cent fall in its nine-month group net profit.

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FINANCIAL TIMES

Weekend November 14/November 15 1992



Jordan used as conduit for UK military supplies to Iraq

Ministers knew of arms 'front'

By David Owen
and Richard Donkin

BRITISH government ministers – up to and possibly including three secretaries of state – almost certainly saw secret documents stating that Iraq had asked Jordan to "front" for it on a large military shipment in the last days of the Iran-Iraq war.

The documents, which were circulated to ministers in the Ministry of Defence, Department of Trade and Industry and the Foreign Office, relate to a batch of spare parts for Chieftain armoured recovery vehicles made by Vickers of the UK.

This is the first clear indication that UK government ministers knew about and acquiesced in deals in which Jordan acted as a conduit for arms shipments to Iraq. Ministers have consistently maintained that, before Iraq's invasion of Kuwait in August 1990, Britain acted in compliance with guidelines drawn up in 1985 during the Iran-Iraq war.

The documents in question relate to meetings of the Inter-De-

partmental Committee, a body of high-level MoD, DTI and Foreign Office officials set up to scrutinise export licence applications to Iraq and Iran.

The summary of one meeting on August 11 1988 refers to "the question of spares for the Chieftain armoured recovery vehicle to Iraq". It continues: "Iraq has asked Jordan to front for them."

The summary of a second meeting on October 19 1988 notes that the supply to Iraq of "spare parts for armoured recovery vehicles" had been approved. It notes: "These parts were linked to the Jordan deal but would be supplied direct to Iraq as they were automotive parts only, and not armour or lethal equipment."

What ties ministers to these documents is evidence submitted by senior Foreign Office officials to the trade and industry select committee's inquiry into the Iraqi "supergun" affair in January 1992.

A note submitted to the committee by Mr John Goulder, then a Foreign Office under-secretary, states that "the minutes of each

meeting of the Interdepartmental Committee were submitted with brief summaries of details of each case forwarded to FCO, MoD and DTI ministers for approval".

Quotations by an MP whether "it could be any minister from the secretary of state downwards in those departments", Mr Patrick Nixon, then head of the Foreign Office's Middle East department, said: "It could indeed."

Between August and October 1988, the secretaries of state for defence, trade and industry and foreign affairs were Sir George Younger, Lord Young and Lord Howe respectively.

A list of products licensed for export to Iraq in 1988, also submitted to the committee, confirms that more than £200,000 worth of armoured vehicle spares was cleared for shipment. The end user was listed as the Iraqi armed forces.

The use of Jordan as a conduit for UK military supplies to Iraq was "an open secret" among defence experts. Mr John Wyatt, a bomb disposal expert and a former official at International Mill-

tary Services, the government-owned arms sales company, which handled a number of sensitive deals during the 1980s, saw a number of British-supplied munitions when he visited Kuwait at the end of the Gulf war.

He said: "We had clear-cut evidence when I went in that ammunition, rockets, mines, and all the rest of it had been supplied by Britain to Jordan which had subsequently got into Iraqi hands."

He added: "I'm sure in 1988 there was definite knowledge of movement backwards and forwards between Jordan and Iraq and other places like that because I think that at that stage there was a certain amount of support for Iraq against Iran."

"I know at that stage also that British companies, and IMS was certainly one of them, were doing extremely good Jordan business. Whether bits subsequently found their way to Iraq, they probably weren't too fussed."

US closer to Iraqgate special prosecutor, Page 2
West's role, Wknd 1

Brazil's suspended president to fight reversal of policies

By Christine Lamb in Brasilia

MR FERNANDO Collor, Brazil's suspended president, yesterday accused his opponents of carrying out his "summary execution" and warned that the country's new government was "plunging Brazil into the fifth world".

Speaking out for the first time since being suspended amid a multi-million dollar corruption scandal, an emotional Mr Collor said in an interview with the Financial Times: "I can no longer just sit back and let myself be led to the firing range and watch my modernisation programme be destroyed."

Accomplishedly dressed in a tropical suit with monogrammed shirt and gold tie pin, the man now facing an impeachment trial and criminal corruption charges cut a tragic figure.

The smart presidential offices of the world's ninth largest economy have been replaced by a fly-riden and un-airconditioned villa next to his house. He sat surrounded by memorabilia rescued from the presidency. Behind was a photograph of his wife, who is also facing criminal charges.

Unable to keep his hand from

shaking while lighting Cuban cigars, the strain clearly showed on Mr Collor's face.

But despite the pinched cheeks, haunted eyes and occasional look of raw despair, he has not lost the fighting spirit of the young man who came to power in 1990 with a mission to modernise Brazil. He insists he will not resign. "To resign is to flee, and I don't flee. I fight. I was elected for five years and have a project to carry out which I must finish," he said.

Asked about the criminal charges recommended by the attorney general on Thursday night, he laughed bitterly: "What was my crime? Was it a crime to modernise the country, to build up \$2 billion (£14.5 billion) in reserves, to reinsert Brazil into the international community?"

"Was it a crime to build up the largest food stocks in history, to remove price controls, to open our market, to defend the rights of indigenous people? Nobody ever did so much for the country."

He added: "In no way did I betray the Brazilian people. It was me that was betrayed. The impeachment campaign was instigated by business and corporate interests threatened by my

programme and by politicians hungry for power, all brought together under a false cloak of morality."

Mr Collor said he felt no bitterness over how his world had been destroyed through the allegations initially made by his brother. But he hit out at Mr Itamar Franco, his vice-president and now acting president. He said Mr Franco "has no project, no command and no team" and warned

that "the whole modernisation process is under threat by a return to the nationalist effluents of 1940 and 1950s".

He added: "He's talking about freezing tariffs, reducing interest rates and getting Congress to approve each privatisation. The government leader is a communist who always opposed modernisation. They're throwing 2½ years of sacrifice by Brazilian society into the rubbish bin."

The town has become accustomed to regular attack. In the smoky underground room, commanders said it had been under fire from tanks, mortars and heavy guns for several hours.

Brig Cordy-Simpson said he was "obviously very disappointed" at the fighting, the worst violation since the ceasefire deadline. However, some regions had become quiet.

"Somehow we have got to find our way through these areas where the ceasefire breaks down," he said.

Into the valley of dearth, Page 7

Brokering a peace in Bosnia's war

David White travels with a British convoy under Serb shellfire

As the British troops drove up to the Bosnian town of Maglaj yesterday morning they were warned at a Muslim checkpoint that there had been mortar attacks. In a volley further on, the thud of artillery every few seconds could clearly be heard.

"We'll go in anyway," Lt Col Bob Stewart told the convoy. "I'm going to go really fast in on the main road."

Two vehicles waited behind. The other four Land Rovers, carrying 12 men and tonnes of oil, flour, baby food and medical supplies, drove on, trailed by a BBC Radio Land Rover and an ITN film crew in an armoured Ford Granada.

We came to a stop at the end of a kilometre-long tunnel just before Maglaj. A shell had just landed on the railway tracks 150

metres ahead. Although a British reconnaissance party had been attacked with small-arms and machine-gun fire on a road to the town of Tuzla last week, this was the first time British troops had faced shell-fire.

The mission showed the difficulties of trying to enforce a ceasefire in the Bosnian war and of ensuring that aid supplies reach their destination.

After a short while the vehicles dashed into the sunlight and down a rough detour to meet a back road into town. The whoosh of incoming shells from Serb forces continued sporadically.

Inside the town, Lt Col Stewart, commander of the UK battalion group assigned to convoy protection, ordered his men into a cordon after a nearby impact. He and Brig Roddy Cordy-Simpson, chief of staff of the UN Protection

Force's Bosnia command, were arranging to speak to the local Muslim and Croat commanders, who work in close alliance.

"I don't think it's minor violence that they're shelling Maglaj," told Lt Col Stewart his troops. "This has got to be stopped. People live here. They're like you and I."

As a group of soldiers went to rush the aid supplies from the UN High Commissioner for Refugees into a medical centre, another shell landed about 50m away.

Lt Col Stewart with Brig Cordy-Simpson, who brokered the ceasefire agreement between Serb and Croat and Muslim forces earlier in the week, had been sent to Maglaj by UN military headquarters in Bosnia to check on breaches of the agreement, which should have taken

effect on Thursday. Maglaj, in northern Bosnia, was a town of 45,000 before the war. It is one of the main destinations to which British troops are trying to get supplies. The UN says 14,000 displaced people are there.

The town has become accustomed to regular attack. In the smoky underground room, commanders said it had been under fire from tanks, mortars and heavy guns for several hours.

Brig Cordy-Simpson said he was "obviously very disappointed" at the fighting, the worst violation since the ceasefire deadline. However, some regions had become quiet.

"Somehow we have got to find our way through these areas where the ceasefire breaks down," he said.

Into the valley of dearth, Page 7

Chief Price Changes Yesterday

		T	C	F	GDP	GDP	S	23	73	Internationa	S	4	20	Rhine	22	+	2½
Hellenic	Orsi	27	71	71	71	71	71	71	71	Montreal	7	45	7	45	250	+	2½
Acros Pf	380	+	10							Moscow	1	32	1	32	150	+	12
Daimler-Benz	554	+	11.2							Seoul	38	+	38	38	85	+	6
Gemeinsame	291.5	+	13.5							Vickers	85	+	85	85	85	+	6
Pfaffs										Falls	245	—	245	245	27	—	27
Aachen Mch	795	—	40							Boiler	245	—	245	245	27	—	27
Hutzenbach	505	—	17							Clayton Son	80	—	80	80	15	—	15
Wels Pf	635	—	14							Colvilles	85	—	85	85	7	—	7
New York (\$)										Eurostal	339	—	339	339	12	—	12
Farid	34.5	+	1.4							Enamel Uts	40	—	40	40	28	—	28
Gap	34.5	+	3.4							High-Pont	120	—	120	120	15	—	15
Michael Foods	11.7	+	1.4							Kingspan (A)	123	—	123	123	10	—	10
Tele-Cables	19	—	1.4							Refined Sct	123	—	123	123	10	—	10
Falts										Tamse	93	—	93	93	51	—	51
Zurthen										Wheatey	7	—	7	7	5	—	5
										Widley	312	—	312	312	30	—	30
										YRM	23	—	23	23	11	—	11
SS Pharm	1040	—	100														

World Weather	Aleppo	R	11	52	Cairo	S	27	81	Iota of Man	S	8	43	Montreal	7	45	ST/Premier	5	48
UK Today: England	Algeria	F	21	70	Carant	S	27	81	Iota of Man	S	8	43	Montreal	7	45	ST/Premier	5	48
	Amsterdam	C	26	48	Chicago	F	26	81	Iota of Man	S	8	43	Montreal	7	45			

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Weekend FT

SECTION II

Weekend November 14/November 15 1992

West's guilty role in arming Saddam

Revelations this week in London and Washington imply high-level cover ups of illegal weapon deals.

Alan Friedman has been following the trail for six years

BRITISH ministers squirming under the weight of accusations this week that they helped to arm Saddam Hussein before the invasion of Kuwait may take bleak comfort from the fact that they are not alone.

Fellow politicians, officials, bankers, businessmen, arms dealers and spies stand accused of doing the same in countries as far apart as the US, Italy, South Africa and Chile.

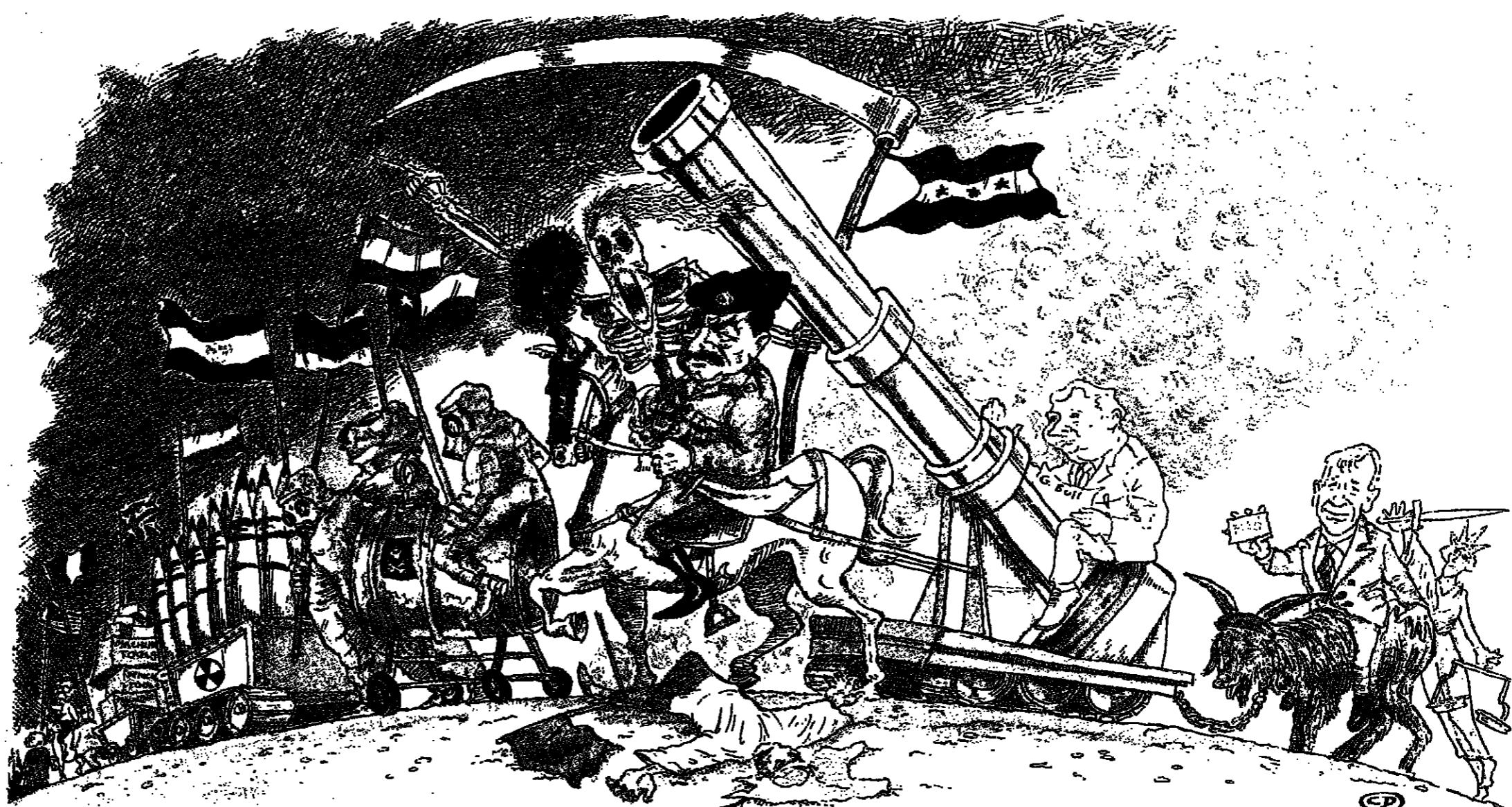
In spite of the publicly avowed policy of withholding the sale of arms and weapons technology to Iraq, its war machine proved an irresistible lure. This continued even when the president used the weapons to oppress his own people, gas the Kurds and threaten the Middle East with a growing arsenal of missiles and nuclear technology.

The Matrix Churchill affair, tantalisingly revealed in hitherto secret Whitehall documents, is to be the subject of a judicial enquiry. But it is only the latest twist in a bizarre tale which began in the early 1980s.

At that time the west had decided that backing Saddam was the lesser of two evils in its effort to protect strategic oil supplies in the Gulf where the mullahs in Ayatollah Khomeini's Iran seemed increasingly hostile.

That Washington and London backed Saddam during the eight years' war between Iran and Iraq is well documented. But the tilt to Baghdad continued well after the end of that war in the autumn of 1988, and documentary evidence has been uncovered which shows that it carried on until a few days before Iraq's August 1990 invasion of Kuwait. Why? For some governments it was a scramble for profits from Iraq's huge re-equipment programme. For others it was the man to provide stability in a chronically unstable region.

Saddam turned to the west for weapons and technology after the Soviet Union, long Iraq's patron, began to weaken. However, in most western countries there were laws or strict policy guidelines backed by United Nations resolutions, banning the sale of weapons and military



technology.

However, there is a large, shadowy sector of technology which can be used for either military or civilian purposes. In this grey area officials had wide discretion to interpret the rules strictly or — more often, it seems — with flexibility. It is in this area that the scandal, already dubbed Iraqgate, is unfolding.

A recently declassified US National Security directive, signed in October 1989 by President George Bush, shows that giving money and technology to Iraq was considered a top political priority, a way of trying to make sure Saddam served as the west's policeman of the region.

This week in the UK, documents released by the court where the case against three directors of Matrix Churchill, an Iraqi-owned machine tools maker in Coventry, collapsed, have shown that minis-

ters in Margaret Thatcher's government were briefed while the company acted as a lynchpin of Baghdad's arms procurement network.

Paul Henderson, Matrix Churchill's former managing director, says he worked with MI6, the espionage service, for nearly 15 years, passing information to London on Saddam's nuclear weapons programme. The implication is that he, and his company, were too valuable to lose.

In Washington it emerged yesterday that the Bush administration was moving closer towards the appointment of a special prosecutor to investigate the Iraqgate affair after a Justice Department investigator concluded that there are credible and serious allegations of criminal wrongdoing by senior US officials. It has not been proven that US officials knowingly broke their own laws prohibiting military trans-

fers to Iraq, but there is circumstantial evidence to suggest they did.

The picture which is slowly emerging suggests that officials of three nations may have been involved — using banks, companies, taxpayers' money and government agencies to help in the covert arming of a dictator.

It is clear now that Matrix, in addition to being at the centre of Baghdad's procurement network, was also at the heart of a related scandal. This was the case of some \$5bn of illegal loans to Iraq made from 1985 to 1989 by an obscure Atlanta, Georgia branch of Italy's state-owned Banca Nazionale del Lavoro. BNL Atlanta financed Matrix and many other companies that supplied militarily useful technology to Iraq. An immunity from prosecution in the US granted to Henderson

in relation to the BNL scandal raises the question of how much he knew of the administration's involvement in arming Iraq and why he was granted immunity.

I started to follow this story in Milan and Rome nearly six years ago. Then I learned about ties between European companies and a Swiss-based procurement network of 16 companies. The system was known as the Consee network and it helped to procure equipment for an Iraqi-funded nuclear-capable ballistic missile project code named the "Condor 2". That was between 1986 and 1988. When I claimed then that Iraq was working secretly on a nuclear weapon, people were apt to smile, as though I was a slightly eccentric uncle.

In August 1988, while reporting for the *Financial Times* from Milan, I was struck one day by a terse four-line press release from BNL in

Rome saying that "irregularities" had been uncovered at the bank's Atlanta branch. A few days later a colleague in London sent me a tip concerning a company called Matrix Churchill. When I telephoned a well-placed contact in Rome and mentioned the words "BNL" and "Matrix Churchill" in the same sentence there was a sudden pause on the line, then a strangely nervous invitation to hop on an aeroplane and have dinner in Rome that night.

What followed in Rome was an all-night session of dining, drinking whisky and chain-smoking Marlboros in a hotel bar, discussing our suspicion that BNL Atlanta might have been secretly financing Iraq's Condor missile. By Sam my contact had travelled across Rome and returned with evidence that appeared to prove the case.

What we now know from inter-

views and documents is that on the morning of Friday August 4 1988, the FBI raided and sealed the Atlanta offices of BNL, discovering hidden records of the huge Iraqi loans to Matrix Churchill and others. The night before, Gerald Corrigan, president of the Federal Reserve Bank of New York, telephoned a senior official at the Bank of Italy warning of the impending raid. Fed officials met Bank of Italy officials in Rome at 10am August 4 to discuss ways of avoiding a disruption in world financial markets that might follow a major banking scandal. That evening, Neri Nesi, the chairman, and Giacomo Pedde, managing director of BNL, were called into a meeting with Lamberto Dini, director-general of the Bank of Italy. When the BNL executives were told

■ Turn to Page X

CONTENTS

Family finances: Has Lamont saved the housing market?	III
How To Spend It: Armchair Christmas shopping	VIII & IX
Sport: The kicking machine comes to Twickenham	XII
Food: The turkey is in the mail . . .	XIV & XV
Record Review: Pick of the jazz, classical and pop releases	XXII
Interview: Billy Wilder recalls the golden age of Hollywood	XXVI



The Long View/Barry Riley

Dukes and duchesses

THREE YEARS ago the British government was buying back its own gilt-edged securities. Next year it will be selling them worth every pound to cover a public sector borrowing requirement which is pencilled in for £24bn, but which, if the public sector trade unions have anything to do with it, will turn out to be quite a bit more.

In fact the PSBR for 1993-94 is officially heading for 7 per cent of GDP, or perhaps 8% per cent if you exclude privatisation receipts, which is how they did the sums in the 1970s, the last time that public borrowing got this high. The crucial question over the next year or two, for the equity market as well as for gilt-edged, will be the long-term interest rate at which this public borrowing spree can be funded.

In the much more inflationary 1970s the interest rate sometimes reached 15 or 16 per cent as the government resorted to bizarre "Grand Old Duke of York" tactics, marching interest rates up and down the hill in order to lure institutional investors into gilt with the offer of periodic quick profits.

You might think that the gilt-edged market would be in disarray today as investors, already demoralised by the exit from the exchange rate mechanism, started up at the mountain of debt. A few weeks ago several leading gilt-edged brokers were gloomily forecasting a rise in long gilt yields from 9 to 10 per cent. Not a bit of it. Gilt yields have been tumbling at all dates, long and short, and the only disarray this week was to be found in the back offices of the gilt-edged market makers which could not cope with the rush of thousands of small orders from private investors.

There are some ironical comparisons with the French bond market. The French, remember, won the battle of the franc and have stayed within the ERM. Their anti-inflationary credentials are much more convincing than those of the fickle British. Yet on some days

try will be licking its wounds and trying to preserve its capital base. It will be in no position to finance recovery. This is why the government, against its political prejudices, is being forced to step into the gap, buying houses, digging tunnels in various directions and running a very large deficit.

There is some comfort in that the government's debt starts from a very low level in balance-sheet terms since the mid-1970s the outstanding net public sector debt has dropped from nearly 60 per cent of GDP to about 30 per cent. Accordingly there is plenty of room for not only private savers but also investment institutions to take on board large quantities of gilts.

However, this presupposes some shrinkage of the banking system and a generally poor outlook for important areas of the economy such as housing and construction. Once recovery starts the government must be ready to step back quite quickly or there will be a crunch in the capital markets. In any case, the forecast levels of borrowing cannot be permitted to drag on for years, Italian-style. Debt is deferred tax, and when the PSBR rises towards 8 per cent of GDP the burden on the taxpayer will mount rapidly; the 1990s will not be like the 1970s, when inflation wiped out the debt almost as fast as it was issued.

The gilt can also be seen in terms of the collapse of the housing market. Throughout the 1980s there was a vast demand for mortgages — up to 9.4m a year — at comparatively high interest rates and the lending institutions could bid up deposit rates in order to satisfy this demand, which was insensitive to the cost of money. Now, not only is loan demand weak but the lenders are forced to widen the spread between their deposit and mortgage rates in order to pay for their bad debts. Shocked savers will find, after the latest cuts, that accounts which a year ago returned 8 per cent after tax will be yielding little more than 4 per cent. If you are trying to live off the income that is grim news indeed.

For several years the banking industry

will be licking its wounds and trying to preserve its capital base. It will be in no position to finance recovery. This is why the government, against its political prejudices, is being forced to step into the gap, buying houses, digging tunnels in various directions and running a very large deficit.

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The government may come to seem extravagant and in need of a new financial adviser: a Duchess of York situation, perhaps.

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PERFORMANCE SINCE 1/1/91	
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Gilt and Sterling Bond Fund*	+10%
European High Income Bond Fund	+10%
DMU Fund	+10%
Guinness Flight Bond Fund	+10%
Global High Income Bond Fund	+10%
Long Yield Bond Fund	+10%
US Dollar Bond Fund	+10%
Int'l Fixed Bond Fund	+10%
Global Bond Fund	+10%
Van Bond Fund	+10%
Plus Bond Fund	+10%

*From 1/1/91. All performance figures to 27/10/92. Returns and all past yields annualised. Source: Manager's individual client fund year performance.

**Gilt Fund 10%, Gilt Plus Fund 11.2%, European Bond 12.5%, US Dollar Bond 13.5%, Gilt & Sterling Bond 17.5%, Van Bond 17.5%, Int'l Bond 17.5%, Global Bond 17.5%, Long Yield Bond 18.5%, Int'l Fixed Bond 19.5%, Global Bond Fund 20.5%.

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MARKETS

Main points of the Autumn Statement:

- Base rates down one percentage point to 7 per cent.
- Government spending in 1993-94 remains on target for £243.8bn. Targets are £253.6bn for 1994-95 and £263.3bn for 1995-96. This means average growth of 1.4 per cent in public sector spending over the next three years, half the average growth rate of the past three years.
- National Insurance Contributions will stay at 9 per cent of relevant earnings. Upper and lower earnings limits will be indexed as usual. Hence the lower earnings limit moves to £56 per week from £54, while the upper earnings limit will rise from £405 to £420. The maximum possible increase in contributions per week will be £1.21.
- Social security benefits. The real value of unemployment benefits and pensions will be maintained. Most social security benefits will increase by 3.6 per cent in April, in line with the increase in the retail prices index to September this year.
- Housing market measures involve giving housing associations an extra £75m this year to buy currently unoccupied accommodation. This will then be rented. There will be a temporary relaxation of controls on local authority receipts realised between today and the end of next year, including receipts from council house sales. The measure is expected to stimulate extra capital spending of £1.8bn.
- Car tax abolished altogether. This should provide a saving of around £400 on a £10,000 car.
- Gross Domestic Product is forecast to contract by 1 per cent this year, followed by growth of around 1 per cent next year.
- Public Sector Borrowing Requirement is expected to rise to £37bn this financial year, up from the Budget forecast of £26bn and higher than independent forecasts. In 1993-94 PSBR is expected to rise to 7 per cent of GDP, about £44bn.
- General government expenditure, which includes central government and local government spending and debt interest, is predicted to rise to 47.75 per cent as a share of national income this year "mainly as a result of the recession". It is projected to rise to 45.5 per cent in 1993-94 before dropping to 45 per cent the following year and 44.25 per cent in 1995-96.
- Public sector pay settlements will be restricted to a maximum increase of 1.5 per cent.
- Moves for businesses include increase in capital allowances for plant and machinery from 25 per cent to 40 per cent for one year. Initial tax allowance of 20 per cent for new industrial and agricultural buildings introduced for a year.
- The statement included a new initiative on private finance to enable public and private sectors to work more effectively together, particularly on infrastructure projects. Privately financed projects which can be operated profitably will be allowed to proceed. No comparison with a theoretical public sector alternative will be required.
- Spending on transport includes maintained cash plans for the national roads programme — the number of new schemes next year should be double this year's levels. British Rail will be allowed to lease about £150m of new rolling stock orders over the next three years. Funds of £1.2bn will be made available for London's Jubilee Line Underground extension, provided negotiations with the private sector are completed successfully.
- Local government will receive an extra 3.7 per cent of central government support in England next year, when the council tax will be introduced.

Other news this week

- Small company shares continued their recent rally this week. The Hoare Govett Index (capital gains version) rose 1 per cent to 1111.5 over the seven days to November 12, and the County Index also rose 1 per cent to 857.9 over the same period.
- Sun Life has launched an Ecological Portfolio within its Luxembourg based Global Portfolio range. The fund will aim for capital growth by investing in an international spread of companies likely to be involved in environmentally sound activities such as recycling, water purification, pollution control and waste management, according to Sun Life. The minimum investment is £3,000 and additional investments have to be in minimum sums of £500. The initial charge is 6.5 per cent of the offer price and the annual management charge 1.5 per cent.
- Bradford & Bingley is offering a two year bond which it guarantees will pay at least 6 per cent gross above the base rate on its Timesaver account. Investors should not get too excited, however, since this is paying 1 per gross at the moment. The minimum investment is £5,000 and interest can be taken annually or on a monthly basis.
- The bond is currently paying 9.10 per cent gross up to £24,999 and 9.8 per cent gross on higher amounts. The corresponding rates for those taking monthly income are 8.85 per cent gross and 8.4 per cent gross respectively. Bradford & Bingley is holding these rates until the New Year.
- Savers are only allowed one withdrawal during the two years without giving prior notice, provided £5,000 remains, but they will lose 90 days' interest if they do so.

THE DRAMA running on Wall Street this week could be entitled Waiting for Clinton. And, like Samuel Beckett's play *Waiting for Godot*, it has been a case of many words and little stock market action.

The Dow Jones industrial average has moved little over the past five trading days as the market has awaited further clarification of president-elect Clinton's economic policies.

The stock market has now been treading water for three weeks, ever since it factored a Clinton election victory into its calculations, with the Dow fixed in a narrow trading range between 3200 and 3300.

The next movement out of the range could be down, in part because the market has a historical tendency to drop around the end of November as private investors sell stock for capital gains tax purposes.

An initially sceptical Wall Street now seems to be

warming to a Clinton presidency. Some analysts are beginning to predict a rise in the indices around the year-end or in January, which is traditionally a period of strong stock market rallies.

Byron Wien, chief market strategist at Morgan Stanley, predicts that Clinton will be inaugurated in January under a new high for the market. Several factors are encouraging optimism. The most important are economic signals emanating from Little Rock, Arkansas, where Clinton is fixing his Cabinet and drawing up the legislative programme.

Clinton has repeatedly said measures to boost the economy, such as investment tax credits, are at the top of his

policy agenda. However, whatever he puts before Congress will hardly be an economic panacea and will take many months to have any impact.

Yet the very fact that some stimulus is in the offing could

spur stock market optimism.

Economic and financial statistics over the next couple of months may also give the market marginally more cause for hope. True, the US economy is still growing extremely weakly, and remains weighed down by excessive debt and a

glut of unwanted commercial property. True, too, that there are signs of a slowdown in continental Europe, which will weaken America's export performance.

Yet many economists expect the pace of US recovery to pick up gradually next year and more robustly in 1994, which is where the stock market's game will be.

Furthermore, the wave of corporate restructuring across the US over the past two years should feed through into some handsome profits increases — once demand revives. Fourth quarter corporate results, due in mid-January, are not expected to show a sharp improvement, but they could give a foretaste of profit

it's to come and help underpin a relatively high-priced market.

The greatest threat to this stock market picture comes from the bond market, where the yield on the benchmark 30-year Treasury issue moved up from a low of 7.23 per cent in early September to nearly 7.8 per cent in early November on fears that a Clinton fiscal stimulus would reignite inflation and sharply boost the federal government's borrowing needs.

A sustained rise in long-term rates would eventually hurt the stock market, both because it means higher borrowing costs for companies and encourages investors to move funds from equities to

fixed income securities.

However, over the past few days the bond market has (at least temporarily) put aside its fears of Clinton and the yield on the long bond has dropped from 7.73 per cent to less than 7.60, reacting to statistics showing weak inflationary pressures and to the latest words from Little Rock.

Clinton went out of his way at a news conference this week to stress his commitment to the reformation of financial markets to his policies and to insist he wants a "disciplined reduction" in the federal budget deficit.

Wall Street is far from convinced. The tone of the bond market, and thus of the stock market, should be powerfully influenced by the individual

The Bottom Line

Burton man steps out of the firing line

The most potent symbol of a new atmosphere at Burton Group's Oxford Circus headquarters must be the decision to remove the bullet-proof glass from the windows of the fourth-floor dining room. Clearly, the board is feeling more secure these days.

That feeling was reinforced this week by the fashion retailer's return to profit. While Burton has been struggling to rebuild investor confidence since the departure of former chairman Sir Ralph Halpern, Thursday's results were the first sign that such an effort might be justified, with annual

pre-tax profits of £9.4m, against a loss of £13.4m.

Yet few investors were looking at the profit line. For a company with almost £2bn in sales, the figure was largely irrelevant. Instead, they acclaimed Burton's decision to bring its property portfolio costs onto the profit and loss — thus clearing up one of the last big accounting criticisms.

They were also pleasantly surprised by the maintained final dividend. "The sum total encouraged people to believe at last we have a potential recovery story," said analyst Philip Morris, of Goldman Sachs.

The City has had a difficult

time forgetting the excesses of the 1980s. The disastrous foray into development and mad whirl of store openings left the group dangerously exposed to economic downturn; the series of 24-carat handshakes — including £2m for Sir Ralph — are still a sore point; and finally, the drive for profit at the expense of a clear retailing strategy for the 1990s left many doubting the ultimate survival of the group as recently as 13 months ago when it launched a £15m rights issue.

"The group looked tired and shabby. It lacked investment and focus," Morris says. Much of that has changed,

however, since the arrival in February of American chief executive, John Hoerner. A 33-year veteran of retailing, his straight-talking manner is in direct contrast to the flamboyance of the past. Hoerner knows he has a lot on his plate. In his favour is his track record at one of Burton's most profitable companies, Debenhams, where he turned a loss into a healthy profit.

The past year has been one of addressing strategy and tactics. The group is now more sharply focused on target markets in all its chains. Pricing has been a priority with a more disciplined approach to the bottom line for such an

operationally-gear company.

On the downside, various chains continue to make losses. The most obvious difficulty concerns the menswear businesses. While Top Shop and Dorothy Perkins appear to have responded rapidly to the new strategies, the UK menswear market is beset by inertia. That has hampered the group's attempt to improve chains such as Burtons Menswear and Principles.

A further negative factor is the sheer number of Burton brands. The task compared with other fashion retailers, such as Next — which has just one to worry about — is vast.

It is clear that the struggle is by no means over. Even Hoerner will not hazard a guess about when the company will achieve respectable profits.

Nevertheless, those who never gave up on last year's rights at 50p have seen shares almost double in 15 months. Although the forecasts for the current

year of about £25m might look expensive on a p/e of about 30 times, 1994 appears to offer real value if the trend continues.

On that basis, the board may well have reason to feel secure in the dining room — even without the bullet-proof glass.

Peggy Hollinger

London Markets

Conjuring up confidence is hard to do

Andrew Bolger examines the City's cautious reaction to the Autumn Statement

THE Chancellor of the Exchequer warned us recently he was no magician, able to pull rabbits out of the hat. The roar of approval from his backbenchers which greeted the Autumn Statement suggested relief that at least he had not produced a mouse.

Yet the City's reaction to Norman Lamont's ingeniously crafted package was notably muted. True, the FTSE 100 closed 29.6 points higher on Thursday — within 12 points of its post-election high in April — but the index dropped 7.4 points from the level it reached before the Chancellor started to speak.

After yesterday's 28.9 point fall, the FTSE closed 5.2 points down on a week which was meant to be make-or-break for the government's economic policy.

One reason for the market's caution was that the one percentage point cut in base rates had already been factored into share prices. More fundamentally, there was little faith among equity analysts that this week's measures would make the difference between recession and recovery.

There is a degree of fatalism about this: it may be that the combination of the 13 per cent devaluation since sterling left the ERM in September, and subsequent reductions in borrowing costs, will prove enough to get the British economy moving again. If not, Lamont's bag of tricks is unlikely to turn the tide.

Most shareholders have enjoyed a steady stream of dividend income, as well as maintained the real value of their investment, but there are clear signs that these salad days for dividends may be over.

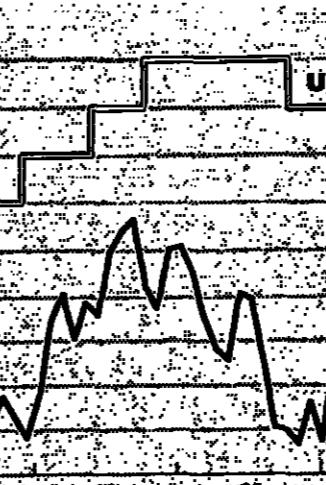
The week started with the annual conference of the Confederation of British Industry, which rivalled a Labour Party gathering for its scathing criticism of government and City attitudes towards business.

Speaker after speaker said Britain must learn from competitors and retain a larger proportion of profits for reinvestment. Companies have already started lowering dividends to reflect the ravages of the downturn, but the tone of the CBI gathering suggests many more will do so next year.

It is in any case easy to overstate the impact of lever-pulling by the government. The accompanying chart shows how sharply interest rates have moved in the last six years. However, following the stock market's boom and bust in 1987, the FTSE 100 has largely gone sideways over the same period, once allowance is made for inflation.

A cut in dividend income spells bad news for pension funds, which are the leading institutional investors in the UK stock market. Companies which enjoyed pension holidays for much of the 1980s may have to resume paying pension contributions out of profits, just when those profits are under most pressure.

Against this uneasy background, some of the week's



UK Banks' Base Rate

Index

130
120
110
100
90
80
70
60

1987 1988 1989 1990 1991 1992

the government's ballooning public sector borrowing requirement. This is due to the recession both lowering tax receipts and increasing the demand for benefit payments.

Government borrowing is now expected to total £27bn in 1993, compared with an estimate of £23bn made as recently as the March Budget. The Treasury suggests the figure could rise to £24bn in 1993, but sceptics in the City would add about another £10bn.

UBS Phillips & Drew said:

"The PSBR is through the roof and heading higher. Coupled with a mighty balance of payments deficit, something unpleasant is bound to happen at some stage. But the Chancellor is in no mood or position to take preventive measures."

The government faces no immediate problem in the gilt market, but next year it may have to be selling bonds at the rate of £1bn a week — which will require the buying power of international funds.

This may prove difficult if this week's package proves to be an ill-rewarded 15 per cent growth in its interim pre-tax profits by a 2 per cent drop in its share price. The group's chemist shops continued to increase their margins, but the shares suffered from profit-taking after a good run ahead of the figures.

From Lamont's prediction of 1 per cent growth next year, which several analysts considered to be optimistic, most City concern focused on

in favour of equities (much depends on the charges).

Lewis Aaron, investment trust analyst at Warburg Securities, favours two good income trusts — Security Trust of Scotland, yielding 6.1 per cent and TR City of London, yielding 5.4 per cent. The former is available in a PEP, with an initial fee of £50 and an annual charge of £10. The latter has a 1 per cent transaction charge and 1 per cent annual charge.

Aaron also points to the world of split capital trusts, citing River & Mercantile Income shares, where a yield of 11.15 per cent is on offer even assuming no growth in revenue between now and the trust's wind-up date in the year 2000.

Nevertheless, with inflation currently at 3.6 per cent, gilts are offering a real yield of around 5 per cent. It must make sense for investors to have a proportion of their portfolios in this area.

The really big decision for investors is whether they risk going into shares. The All-Share Index is now yielding a gross 4.6 per cent, equivalent to the net return on a lot of building society accounts. As you can get income from equities tax-free via a PEP, the net returns are probably not too dissimilar for basic rate taxpayers and for the top rate taxpayer the balance may well be

against the former portfolio in shares are harder to resist.

Advice from a good stockbroker is vital in this field, as is a commitment to long term investment — five years at least. Dividend cuts are a real possibility at some trusts and the stock market could easily fall in the short term. But the longer term arguments for having part of your portfolio in shares are harder to resist.

Wait for good news

Dow Jones Industrial Average



Dow Jones Industrial Average

3400
3200
3000
2800
2600
2400
2200
2000
1800
1600
1400
1200
1000
800
600
400
200
0

1987 1988 1989 1990 1991 1992

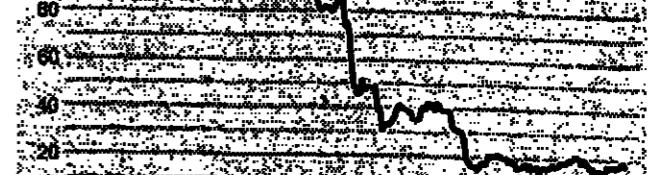
Source: Bloomberg

Clinton names as treasury secretary, probably later this month.

The man the market would really like, but suspects the Clinton administration could not live with, is Paul Volcker,

Martin Dickson

Burton Group



Burton Group

Shares price relative to the FT Activities Shares Index

120
110
100
90
80
70
60

FINANCE AND THE FAMILY

Should you join the stampede into gilts...

...or will you find yourself buying at the top of the market? asks Richard Waters

IS THIS the moment to buy gilts? For anyone looking to a modest capital to provide them with a secure return on which to live, the options are shrinking.

Base rates are down to 7 per cent, and most savings accounts will offer less than that. Ten-year gilts, on the other hand, still offer a yield of around 8 per cent, while 15-year government bonds yield 8.5 per cent.

The higher returns available on longer-dated gilts have prompted a stampede by private investors in recent weeks. They have been busy selling short-dated gilts, which return little more than 6 per cent, and reinvesting the money in higher-yielding bonds - "mov-

ing along the yield curve", in City jargon.

The risk, of course, is that the value of these gilts will fall, leaving holders with a capital loss. The gilt market has already experienced a strong rise in prices in recent months: just ahead of the general election, the 9.75 per cent gilt due in 2002 was trading at a price of around 99.9%. By yesterday, the price had jumped to 111% - a significant capital gain.

Could it be 1987 all over again for the private investor? After the institutions have reaped the rewards of rising gilt prices (many began diverting a larger share of their cash into gilts a year ago), private investors could find themselves buying near the top of

the market. The amount of new borrowing the government has to do next year is one factor threatening prices. The official prediction this week was for borrowing to reach £4bn next year. Who is going to buy all those gilts?

Foreign investors backed out of the market after sterling left the Exchange Rate Mechanism and have yet to return in force. UK insurance companies and fund managers have been expressing mixed feelings about gilts, wondering where to turn their attention. Pension funds, on the other hand, could continue buying: a massive 85 per cent of their investment is in equities, a lopsided approach which could be



UK chancellor Norman Lamont

amended by a shift into gilts.

The attractions of gilts would also shrink if British inflation starts to pick up, or if German interest rates do not fall as fast as most investors expect. For the moment, these are risks that most pundits discount - a view shared by many private investors, given the recent stampede.

The rush into longer-dated gilts has caused trading volume to jump threefold in recent weeks, putting a strain on the market. Only three market-makers handle trades for stockbrokers who have private clients, and all three faced some difficulties last week in settling the deluge of deals thrown at them.

Occasionally it was not easy

to trade - brokers found in some cases they had to wait overnight to buy or sell gilts for customers. Market-makers claimed that disruption had been minimal and, anyway, had largely been resolved by the week's end.

For investors who are concerned about dealing immediately, and who do not rely on a broker's advice, there is an alternative way to deal in gilts: through the National Savings Stock Register. A department of National Savings, the register accepts instructions by post and charges only a minimal commission (£1 for deals worth less than £250, with another 50p for every extra £125). Details are available from Post Offices.

Directors' Transactions

THE largest transaction this week was the sale of 750,000 shares by Serge Crasnianski, a director of Photo-Me International. This sale takes his interest, as held through Imaging Systems International, to 12.5 million shares, just under 20 per cent of the share capital. Photo-Me's business of operating photographic booths has proved remarkably resilient to worldwide recession and consequently the shares have traded at a premium to the market.

Raymond Parsons, HIC president of electronic component group, Bowthorpe, has sold 135,000 shares at 270p. That reduces his holding to just under 100,000 shares and is the largest straight sale by a director of Bowthorpe since 1980.

Over the last year, the shares have outperformed by some 18 per cent.

Shares in Alexander Proudfit have been under pressure since May this year, when it became clear that the previous levels of profitability were not going to be maintained.

Interim results in September revealed profits down by half and sentiment has since deteriorated further. The purchase of 30,000 shares by John Prosser, the recently-appointed chief executive, follows purchases of 10,000 and 5,000 shares by Christopher Mills and Sir Campbell Fraser during the summer. William Eberle has also bought 5,000 shares at 71p.

Angus MacDonald, Directus Ltd

The watchdog bites harder

DO LIFE insurance customers finally have a strong watchdog looking out for their interests? Lautro, the life assurance regulator, yesterday fined Guardian Royal Exchange £100,000, the highest penalty it has yet imposed. It has increased its record fine three times this year.

In June it levied a fine of £50,000 on Norwich Union, for a misleading advertisement, and then fined General Accident and Commercial the same sum for investing in the disgraced Levitt Group.

Then, last week, it fined London & Manchester Assurance £80,000 for breaches of sales rules by its tied agents.

GRE had made the same mistake. Lautro found that it had failed to monitor two agents tied to selling its life products exclusively, Centrust and Coventry Investment Group, in the three years up to February 1991. Both companies are now out of business, and investors are claiming compensation.

So it looks like Lautro is getting tougher. However, Julia Liesching, Lautro's chief policy and administration officer, denies this. Instead, she says that procedures have been improved, and the disciplinary board has speeded up, leading to a faster resolution of cases.

Has the watchdog bitten GRE hard enough? Peter Buckell, a spokesman for the Centrust Investors' Action Group, said he was pleased the fine had been levied, but disappointed Lautro had not used its power to demand that compensation be paid to investors. He also regretted that Lautro had taken so long to act.

Jean Eaglesham, head of money policy for the Consumers' Association, welcomed the trend towards stiffer penalties. She said: "Certainly Lautro is looking a lot more effective than it did a year ago. The trend is right. Whether it is enough is

another matter." She pointed out that other regulators had not been as strict as Lautro, particularly where the insurance operations of high street banks were concerned.

In the US, the Securities and Exchange Commission can levy fines in millions of dollars, according to Eaglesham.

GRE said that important changes had been made to its control procedures and it had not appointed any new tied agents for 18 months. Its total number of agents has gone from 900 to about 500. So far, the company has offered £164,000 in compensation to 30 Centrust clients, and another 20 claims are being processed. It has asked other policyholders to come forward.

Even though Lautro has not deliberately toughened its stance, a leaner, more efficient watchdog should still provide valuable added defence for investors.

John Authers

Alternative to bank deposits

Scheherazade Daneshkhoo looks at a savings bond

charges for customers. Access is the same as with a postal account.

Rates are fixed at the end of the month for the following month. However, new investors are given a lower rate for their first month. Withdrawals are penalty free and operate on the same time schedule as a postal account.

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Source: Directors Ltd, Edinburgh

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FINANCE AND THE FAMILY

Planning Your Pension/Debbie Harrison

A DIY fund that pays double dividends

SMALL family businesses struggling to survive in the UK recession could be forgiven for ignoring their pension planning in the light of more pressing financial needs. However, under a small self-administered scheme (SSAS), it is possible to provide for directors' pensions while simultaneously using the fund to stimulate the business. In particular, the fund can be used to purchase business premises and to provide a sizeable loan to the company.

SSASs are extremely tax efficient and offer considerable investment scope. The directors of the company, as trustees of the scheme, can select and control the investment portfolio themselves or appoint a stockbroker to manage it.

These schemes are complex and require expert help to ensure the company complies with Inland Revenue and Department of Social Security (DSS) regulations. Non-compliance could lead to the loss of tax approval.

The schemes became popular in the late 1970s; today more than 30,000 small businesses use an SSAS as their main pension arrangement. Membership, which normally is restricted to a maximum of 12, can be extended to any employee but generally is limited to directors of the company. This makes sense if the fund will be used for commercial purposes, since the agreement of all members is essential, particularly where self-investment is concerned.

An occupational scheme, the employer's contributions are tax deductible and the employee's contributions, if applicable, attract tax relief at the highest marginal rate. Advisers usually recommend that the scheme is funded solely through employer contributions since this reduces the National Insurance bill.

Other attractions include tax-free growth of the fund, a tax-free sum of up to four times annual salary on death before retirement, and a tax-free cash sum at retirement worth up to 1½ times annual salary. Spouse and dependants' benefits are automatically included and the scheme can also provide a tax-free lump sum on death during retirement. The pension, worth up to two-thirds of final salary, is taxed as income. For SSASs established after March 1987, a maximum pension can be built up after 20 years.

Although the pension is linked to final salary, the SSAS fund grows on a money purchase basis and therefore its value will depend on the success of the investments. At retirement, the SSAS fund is used to purchase an annuity which provides income for life. One attraction of the SSAS is that you can choose to buy the

annuity at the most advantageous time during the five-year period after retirement.

Where the employee does pay contributions, these are limited to a maximum of 15 per cent of salary. Some higher earners may be caught by the "earnings cap" which was introduced in the 1989 Budget. For the current tax year, the cap restricts to £75,000 the salary that can be taken into account for contributions and the pension itself.

This limits maximum employee contributions for 1992/93 to £11,250 and the maximum pension to £50,000. It affects those who joined a new occupational scheme set up after March 14 1989, and new members who joined an existing scheme after June 1 1989.

The Revenue does not impose a limit, as such, on employer contributions to the SSAS. Instead, the contribution is based on the projected final salary at retirement. This flexibility is useful during years of profit when high pension contributions can be paid to offset corporation tax.

However, there is a concern that the threatened Revenue clampdown on executive pension plan (EPP) contributions might also affect SSASs. EPPs are similar to SSASs but the entire contribution must be invested in insured funds.

At present, under an EPP and SSAS it is possible to justify employer contributions of over 100 per cent of salary for employees in their twenties. This would be cut to about 25 per cent of salary if the proposed EPP rule change extends to SSASs.

Under Revenue rules, you can only run one SSAS at a time which makes the choice of provider extremely important. There are two options. Fully self-administered schemes are generally offered on a fee basis and are available from about 60 firms of solicitors, actuarial consultants and life offices.

These provide all the administration and legal requirements including audited annual accounts, three-yearly actuarial valuations and a "pensioneer" trustee service. A professional trustee is a professional trustee approved by the Revenue, whose chief function is to oversee the winding up of the scheme if it is terminated. If the trustees appoint a stockbroker as manager there will be an extra fee.

The second option is a "hybrid" SSAS offered by about 30 insurance companies. Under this, a significant annual contribution - usually about £25,000 in total - must be paid into an insurance fund, while contributions in excess of this can be self-administered. The insurance companies deduct a percentage of contributions and may also

have other fixed charges. As a rule of thumb, hybrid SSASs which charge on a percentage basis are thought more cost-effective for annual premiums of less than £10,000 to £12,000. Where contributions exceed this amount, the flat rate fees charged on fully self-administered SSASs look attractive.

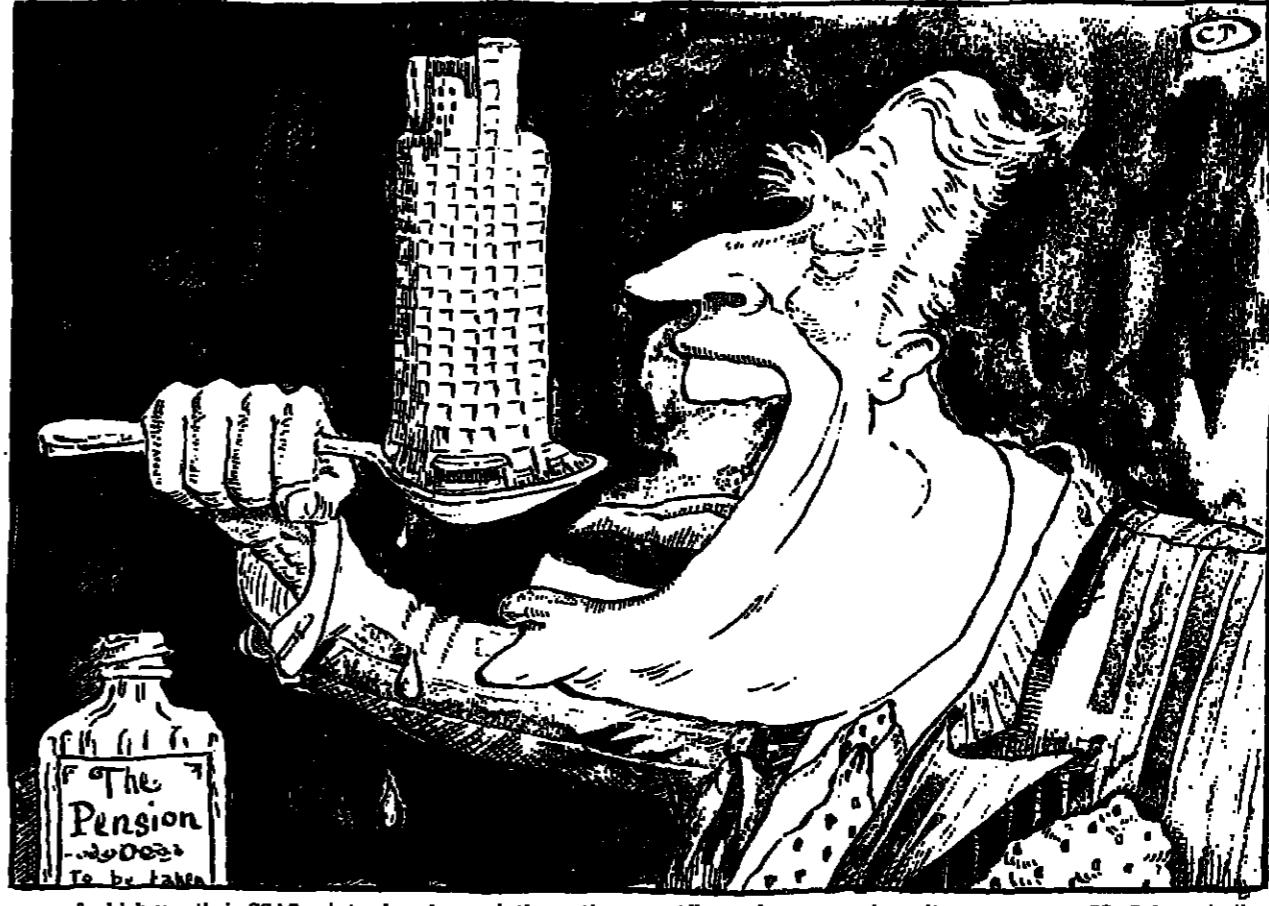
The decision to go the wholly self-administered route is not just a matter of cost but also depends on the extent to which the directors of the company want to have control over their investments.

SSASs can invest in quoted stocks and shares, pooled investments such as unit and investment trusts, cash funds, and commercial property. Occasionally it may be possible to invest in mixed commercial/residential properties. It is also possible to invest in unquoted shares but strict guidelines must be followed. In fact, most SSASs are predominantly invested in cash and property. Trustees cannot buy an investment from, or sell an investment to, a scheme member.

In August 1991, the Revenue issued new investment rules for SSASs. In particular, companies must report and submit documentation to the Revenue within 90 days if there is any investment or sale of property and unquoted shares. Reportable transactions also include any loans to connected companies and borrowing.

Adrian Waddingham, partner with actuarial consultants Barus Waddingham, warned: "It is essential that directors are aware of the investment transactions that must be reported, and the time limits, otherwise they could inadvertently lose Revenue approval."

Also in 1991, the Revenue limited loanbacks from the pension fund to 25 per cent of the fund value during the first two years of the scheme, and 50 per cent thereafter. Previously, the limit had been 50 per cent from the outset. Apart from the loanback facility, it is also possible for trustees to borrow against the scheme's assets provided Revenue rules are followed. Property is important to small companies,



many of which use their SSAS fund to purchase business premises. This must be done on an arms-length basis and a commercial rent must be charged.

In March this year, the DSS

introduced regulations that restrict self-investment to 5 per cent for most pension schemes. SSAS funds are exempt from the rules provided:

■ All members of the scheme are trustees

■ All members agree in writing before the self-investment is transacted. This includes property let to the company.

Finally, Schedule D taxpayers such as professional partnerships and practices cannot

set up an SSAS but similar facilities are available through a self-administered personal pension (SAPP), run by several life offices and stockbrokers and through "private funds", only run by a few life offices.



...to the 21,103 readers of the Financial Times worldwide who completed our reader questionnaire recently.

The results produced a wealth of information about our readers; some we might have predicted, some we certainly did not.

We were not surprised to see that 48% (44%*) of you are company directors but we were intrigued (and gratified) to see the range of decision-making you cover: 38% are responsible for banking services, 30% for advertising, marketing and PR and 22% for executive recruitment.

When it comes to company purchases, 51% of you decide which computers to buy, 23% company vehicles and 22% business premises and sites. And you work for companies of all sizes: 20% for under ten employees, 15% for over 1,000 employees, for example.

Reflecting the FT's international coverage and readership, 79% of you are involved in your companies' international operations.

As you would expect, such positions of responsibility carry commensurate rewards: your salaries average \$126,000 (\$104,000), 60% (54%) of you have two or more cars, 56% (50%) a computer at home and 24% (19%) a camcorder.

But it's not all spending: 81% (86%) have invested in shares, and 70% (74%) have a bank or building society savings account. 27% of our Saturday readers have investments, excluding the main home, of over \$450,000, and a second home.

You are an active group: not surprisingly given an average age of 45. Of the 78% who play sport, 48% go swimming, 21% jogging or running and 19% play tennis. Justification perhaps for the 92% who drink wine, 76% whisky and 58% champagne to recover from these exertions.

It is a fascinating and comprehensive picture which will be invaluable to us in planning the FT's future development.

Thank you once again to everyone who took the time to contribute.

* Figures in brackets are for the Saturday paper. The main figures quoted are for weekday readership.

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FINANCE AND THE FAMILY

Dipping a toe into foreign waters

Philip Coggan looks at funds that allow British investors to keep part of their portfolios overseas

THE big international investment trusts, such as Foreign & Colonial and Edinburgh, are the doyens of the industry.

But in the world of unit trusts, the international growth sector is still something of a backwater. Admittedly, there was around £5.2bn of funds invested in the sector as of November 1. However, just under £220m of that money was in the Standard Life Overseas Larger Companies Trust which, with a minimum investment of £50,000 and a bid-offer spread of 7.86 per cent, is hardly aimed at the private investor.

There are good reasons why a unit trust investor should consider the international growth sector. For a start, the recent weakness of the UK economy and the decline in the pound has emphasised that the smart British investor would be wise to keep at least part of his portfolio overseas.

And the small investor who ventures overseas might be wise to rely on the diversification provided by a broadly-based international trust. Short-term performance tables are often dominated by single country trusts as markets go in and out of fashion. But picking the short-term winner can be a dangerous strategy.

Take the Schroder Japanese Smaller Companies Fund, for example. At the end of last year, it regularly appeared in the lists of top performing unit trusts over a five-year period and in one newspaper survey of investment experts was selected as a tip for 1992.

In fact, over the year to November 1, an investor who had backed the fund would have lost 31.5 per cent of his

capital. This is no particular fault of Schroders, since the fund is still top of the sector over three, five and seven years. The Japanese market, "undervalued" according to many experts at the start of 1992 with the Nikkei 225 at 22,300, has fallen sharply.

An international growth fund would have only a small proportion of its fund in Japan and so would have avoided the worst of these problems. Broadly speaking, one would expect most of these funds to have a portfolio spread across the major markets - the US, Japan, Europe and the UK.

But not all funds are broadly spread. The Framlington Health fund, top of the sector

over two, three and five years, is really a specialist trust, with a large exposure to the US, over-the-counter stocks and biotechnology.

Framlington features rather strongly in the tables with two more general funds - International (fifth in the sector over three years) and Recovery (fourth in the sector over 10 years). The tables are based on Finstat figures and reflect offer-to-bid performance, with net income reinvested.

According to George Greig, investment director at Framlington, the International fund starts with an asset allocation approach and has benefited from the regular star of the long-term performance tables. The former Bishopsgate Progressive, another long-term star, was merged with a special situations trust and is now in the European sector.

Minimum investment in St James's Place funds is £1,500, with the initial charge at five per cent and annual at 1.5 per cent.

Consistency can be more important than top-of-the-table performance. Those funds with

above average records in the sector over one, two, three, five, seven and 10 years are: Allied Dunbar International; Bank of Ireland British Overseas; Fidelity Managed International; GT International; M&G International Growth; Martin Currie International Growth; Perpetual Worldwide Recovery; and Prolific Technology.

But what international unit trusts really need is a general improvement in performance. The average trust in the sector has grown 23.6 per cent over ten years but fallen by 0.2 per cent over three years. That compares with growth of 44.9 per cent and 30.7 per cent for international general investment trusts over the same periods. (The method of calculation slightly favours investment trusts, but nowhere near sufficiently to account for the difference).

Investment trusts may have benefited from a narrowing of discounts in the 1980s but international investing still seems one area where they are ahead of their unit trust rivals.

Fair shares for employees

SHARE OPTION schemes have become very popular with employees in the UK. But what happens when the scheme ends and employees try to claim the profits? How can they stop the taxman taking a chunk?

There are two types of share option scheme in which the special "approved" status confers tax privileges on employees. Savings-related share options are available to all full-time staff but those wishing to take up the offer must enter into a five-year savings contract, the proceeds of which will be sufficient to pay for the optioned shares.

By contrast, participation in an executive share option scheme is at the company's discretion and there is no requirement for a linked savings arrangement.

The crucial feature common to both schemes is that no tax is payable when an option is converted into shares. This contrasts with the position under non-approved schemes where the exercise of an option triggers an immediate income tax liability.

The fiscal immunity of approved options comes to an abrupt end once the option holder has become a shareholder. Although this is obviously not a problem for as long as they are happy to remain as shareholders, employees will frequently wish to cash in some or all of their shares.

A sale of option shares is just as much subject to capital gains tax as any other share disposal. Avoiding 40 per cent

income tax at the point of exercise will be a rather hollow achievement if the optionholder suffers 40 per cent capital gains tax on disposal.

The first line of defence against such a melancholy outcome will be the annual CGT exemption - currently £5,800. Although a single allowance will only shelter small-scale gains, a much more robust shelter can be constructed by spreading disposals over more than one tax year and using a spouse's exemptions.

Suppose that Mr Z has an approved option to buy 12,000 shares for £1 each and that he exercises it in November 1992 when the share price has risen to £3. Full CGT on Z's gain of £24,000 (£12,000 x £2) would amount to £9,600, reducing his net profit to only £14,400.

This £9,600 tax charge can be virtually eliminated by a combination of patience and marital teamwork. The first step is for Z to give 6,000 shares to Mrs Z. An inter-spouse transfer is CGT-neutral, so no tax will be payable, but Mrs Z will be entitled to have acquired the shares for the original price.

The next stage - which must be implemented by April 5 next year - is for Z and his wife to sell 3,000 shares each. Assuming the price has stuck at £3, the Zs will each realise a gain of £9,000 - all but £200 of which will be taken care of by their annual exemptions.

As early as April 6 next year the same exercise can be repeated - this time taking advantage of the 1993/94 exemptions. These manoeuvrings will have whitened down the taxable gain from £24,000 to a mere £200 and boosted the residual profit from £14,400 to £22,600 - a 64 per cent rise.

While this technique can be equally effective for both executive and savings-related schemes, executive holders who use it must beware of an insidious statutory trap.

Whereas the exercise of a savings-related option is a once-and-for-all event, executive options can be exercised in several slices. So, if Mr Z holds an executive option, he may be tempted to save on financing costs by not taking up the second tranche of shares until just before he is ready to sell them.

This is a temptation to be resisted. The exempt status of executive options is predicated on the basis of no more than one exercise every three years.

If Z breaches this rule, his second exercise will drop straight into the income tax net. Gone will be the prospect of exploiting double CGT exemptions. Instead, the £12,000 gain in April 1993 will suffer the full rigours of income tax. The moral is: "Stagger your sales but not your exercises."

Finally, a fresh angle for savings-related participants to explore is the single company personal equity plan (SCP). Since the start of 1992, investors have been able to contribute up to £2,000 per year to an SCP, with the holders of savings-related options able to make their inputs in shares rather than cash. Provided shares are transferred within 90 days of emerging from the scheme, the transfer will be tax-free. From then on, the SCP provides complete protection from income tax on dividends and CGT on disposal.

Although the concept is appealing, the prospective tax savings will often be insufficient to justify the complexity and expense involved. Employees such as Mr Z who have other, simpler, ways of avoiding CGT will find that the tax saved on dividends is outweighed by plan managers' charges.

David Cohen
■ David Cohen is a partner in the City law firm of Paterson & Co.

THE growing fashion for investment guarantees made its mark on the personal pension market this week. Three separate policies were launched, each adding refinements to the formula "stock market growth, or your money back", which has been the basis for many products in the savings market.

Standard Life has a policy which offers the capital growth of the FTSE 100 Index, or a deposit-based return, whichever is greater over five years plus 50 per cent of the FTSE 100 Index's growth.

The fund is more limited in scale than Standard's, it is only designed for lump sum investments and will close by January 15. When the guarantee period expires, the policyholder will have to switch into a new fund, where a guarantee may or may not be available.

Legal & General says the fund is suitable for self-administered funds, and for lump-sum personal pensions and free-standing AVCs, particularly where a policyholder is within five to ten years of retirement. The minimum investment is £1,000.

There are two further points of note. For the purpose of the guarantee, the change in the RPI will be that between May 1992 and August 1997 - not the same as the investment period, and there is a risk that the policyholder will suffer if inflation is high between August 1997 and April 1998.

There is a bid-offer spread of five per cent, which means that the guarantee effectively applies to only 95 per cent of your investment. There is an annual management charge of 0.75 per cent, and an investment charge of 0.25 per cent. The minimum investment in

the personal pension plan is £25 a month, £250 annually, or a lump sum of £1,000.

Legal & General's new pension fund offers a different choice: the capital rise in the FTSE 100 Index, or the Retail Prices Index, whichever is the greater. The guarantee applies over the five-year period to April 29, 1998.

The fund is more limited in scale than Standard's, it is only designed for lump sum investments and will close by January 15. When the guarantee period expires, the policyholder will have to switch into a new fund, where a guarantee may or may not be available.

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Moores Marr Bradley, an

Choosing a PEP?...make sure you look at both sides of the coin

Performance

However low the charges and however valuable the tax relief, it's the performance of the underlying investment which will determine the value to you of your PEP in the long term.

That's where Murray Johnstone's near certainty of investment experience comes into its own.

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For further information, call us free on 0800 289 978 or freepost the coupon.

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* based on AICP share price at 28.82

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MURRAY JOHNSTONE

THE BANK OF ENGLAND 0.58%

FINANCE AND THE FAMILY

Diary of a Private Investor/Kevin Goldstein-Jackson

Still cautious over Clinton

LAST WEEK'S US presidential election result did not come as much of a surprise to me. Last December, after a brief visit to New York and talking with some "average" Americans, I commented in an *FT* article: "President Bush appears to be more popular in Britain than at home, and the Democrats might win."

However, I also mentioned that the Republicans could win if President Bush stood down "in favour of someone thought more likely by the voters to tackle the problems of the economy and the country's rapidly decaying infrastructure and educational system. This might result in a more protectionist president which would have consequences for exporters in the UK and elsewhere."

It was these same domestic issues which resulted in a win for Bill Clinton. It also appears likely that the US will adopt an increasingly protectionist position in order to lower its unemployment rate, reduce foreign debt and try to improve the economy and the average US citizen's standard of living.

It has been said that Bill Clinton and his supporters are "a new type of Democrat." In my view, they are almost Republican. This could well be good for America, but for other nations this could produce problems.

As a private investor, I am seeking ways of avoiding losses and trying to make profits as a result of Bill Clinton and his team.

It is likely to be more difficult for non-US companies to take over American firms. This could hit companies such as Hanson, unless it decided to split itself into two and float off the US side as a separate US quoted company. Reduced takeover activity could also affect the profits of merchant banks.

During the campaign there

were allegations that non-US companies were not paying their fair share of corporate taxes on their activities. It could be that some UK companies will be affected if the US tightens tax regulations.

However, it is to be hoped the UK will not negotiate on such matters via the EC bureaucracy but will come to an improved individual agreement with the US. The UK could point out that US companies' activities in the UK gain significant benefits from the UK's corporate taxation system - benefits which are much better than can be obtained

cut. This will not help companies like British Aerospace which will face much greater competition in overseas markets with those markets also showing a decline in growth.

However, not everything is negative. The new administration will provide extra opportunities for well-run UK companies which can market themselves effectively in the US. For example, there are plans for an overhaul of the health care service in the US to ensure universal coverage and value for money. Perhaps UK companies operating within the National Health Service

for oil companies and, eventually, there might be a new levy on petrol and increased import duties on oil from overseas.

However, there will also be opportunities for companies involved in creating "environmentally friendly" products and new techniques for disposing of various waste material safely and efficiently.

As to the US stock market, I feel it is still too high. The average price earnings ratio of the companies in the S&P 500 Share Index is now around a similar level to that seen just before the 1987 crash.

With increasing unrest in Russia, what would happen if president Yeltsin was "removed" next month? Bill Clinton will not be inaugurated as president until January 20. Until that time, any US response would have to come from president Bush: how quickly could Bush and Clinton agree on a joint response? It is this "hiatus" period that most concerns me. It would be the ideal time for unrest in trouble spots around the world.

A number of US banks look as if they will go the same way as many of the savings and loan institutions: into administration. And is not now the best time for a cathartic upheaval in the financial markets so that both the outgoing and incoming presidents can disclaim responsibility for it?

Thus, although I like a number of US companies, such as Dole Food, I will continue to avoid investing in the US market. I am also wary about prospects for other stock markets after Clinton's inauguration. If, as expected, he encourages Americans to invest even more in the US by providing tax incentives, then will some of the US investment funds overseas be repatriated to take advantage of those incentives?

If so, it could cause a drop in the share price of a number of non-US companies.

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HOW TO SPEND IT

A Bavarian Christmas

THE STREETS of Nuremberg from the railway station will be festooned with white poles carrying garlands and lights on November 27, the Friday before Advent.

Surrounding a Christmas crib in the centre of the market, fir-clad stalls will be selling decorations, elaborately decorated candles, the work of local craftsmen and women, and comical little figures made of dried fruit and crêpe paper called *Zwetschgenmännlein* or plum people.

On that Friday at 5.30 pm an elected "Christkindl" will proclaim the start of the city's annual *Christkindlmarkt* from the balcony of the mighty 14th century church of Our Lady.

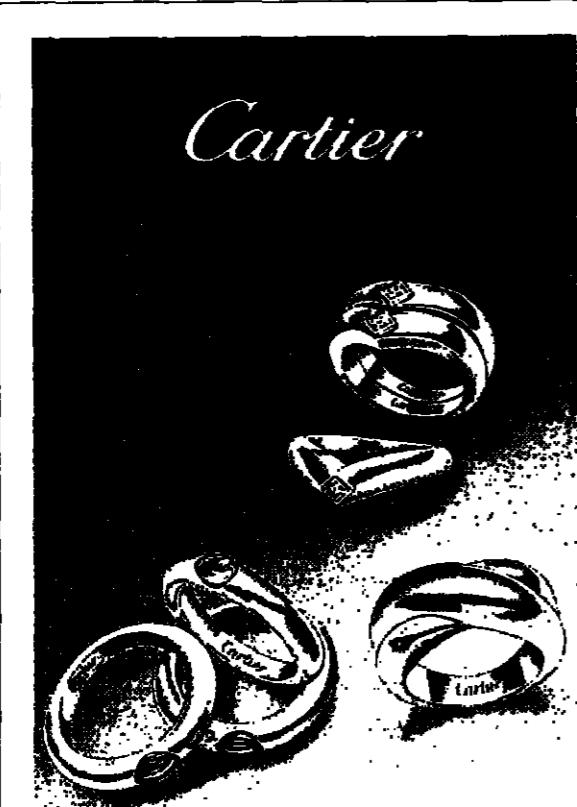
The sun sets, the lanterns of the stalls are lit and the church is floodlit. So is Nuremberg's stupendous fountain, the gilded Gothic *Schöner Brunnen* which is nearly 20 metres high and decorated with statues of the German electors, Teutonic heroes and nine Old Testament prophets. Around this fountain children's choirs and brass bands will regale the visitors throughout the *Christkindlmarkt*.

At the time the market ends on Christmas Eve, 250 guests will have visited Nuremberg, some 30,000 of them brought in by 50 special trains put on by the German railways, not to speak of 50 extra flights from Switzerland. They come to eat the city's pork sausages which are the size of one's little finger, and another Nuremberg speciality, the honey and gingerbread cakes known as *Lebkuchen*. They wash down the grub with mulled wine spiced with cloves and cinnamon.

Nuremberg's *Christkindlmarkt* is Germany's oldest Christmas fair. Its origins lie in the mid-1550s, when the Lutherans of the city took to giving their children presents around Christmas. Their canny religious compatriots spotted the chance to make a profit from this pious habit, and by the beginning of the next century traders were bringing toys to sell in the city from as far away as Holland – in particular, the Dutch sold dolls here, known as *Docken*. These are probably the originals of the Christmas angels made of golden foil which, nowadays, you find throughout Germany.

Initially all this commerce and festivity took place at Nuremberg's normal markets, but in 1629 the city fathers decided to set up special stalls in anticipation of a pre-Christmas spending spree. Since then the *Christkindlmarkt* has never looked back. Special events this year include a lantern procession from the Hauptmarkt to the Oberlg on December 12, beginning at 6.15 pm, and followed by a Nativity play. Two days later the celebrated boys' choir of Regensburg cathedral

James Bentley



Cartier jewellery is sold exclusively in Cartier Bond Street and Les Meilleurs Cartier boutiques. Each piece is accompanied by a certificate of authenticity.

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Tel: 071-493 6962.

188 Sloane Street, London SW1, Tel: 071-235 9023.

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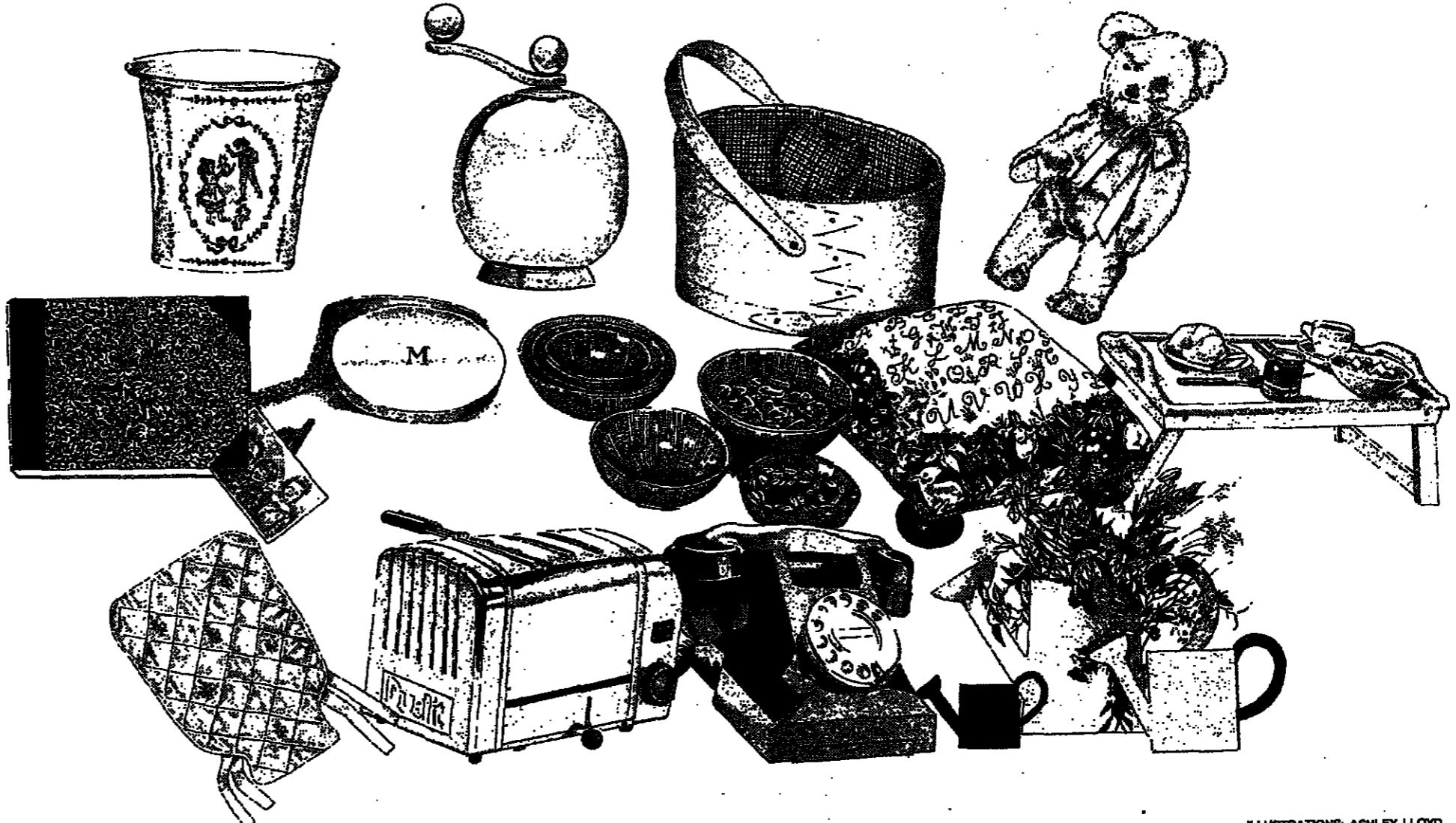
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From Scotland to Nepal...

Carpets from India, sweaters from Guatemala or edible goodies from the National Trust,



ILLUSTRATIONS: ASHLEY LLOYD

Top row, left to right:

- For a much-loved grandson or godson, an enamelled beaker embellished with enchanting scene of childhood games, drawn by Barbara Brown, £2 in high, £73 from Halcyon Days
- A classic, strong clean-lined pepper mill designed by Nick Munro, 4 ins by 2½ ins, £39.50 from The Royal Academy of Arts
- Cherry sewing box with a swing handle and lid, lined with homespun fabric, useful as a

sewing box, £69.95 from Shaker, 25 Harcourt Street, London W1H 1DT

- Old-fashioned English Teddy bear, made in Yorkshire from distressed mohair fur, with suede pads on his paws, 13 cm high, £48
- Hand-made photographic album from Florence with fine leather corners and creamy card pages interleaved with tissue, £45.50 from The General Trading Company

Simple pewter boxes with beautifully fitting concave lids, hand-engraved monogram. Small, £17.95, medium, £21.95 and large, £24.95 from Barclay & Bodie

- Hot-water bottle made from fine white cotton and embroidered with tiny blue bows, £20, from The General Trading Company
- Victorian bunfoot tapestry stool, cover made from woven cotton tapestry from Flanders, 14 ins square and 6 ins high, £28.50 from Past Times
- Wooden tray with folding legs, useful for those who do daily

weekly treat includes breakfast in bed or for the inevitable day when somebody is ill in bed with flu, £19.95 from Scotts of Stow

- Genuine ex-Post Office telephone, a modern classic made in Bakelite, designed by Jean Heiberg in 1936, in production until 1952. Each telephone has been reconditioned and is ready to use, £25 from The V & A
- Rustic watering-can shaped flower pots, in three different sizes, 5 in high (£8.50), 6 in high (£14.95) and 9 in high (£24.95) from Barclay & Bodie

bagels and the like, £124.95 from Scotts of Stow

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CHRISTMAS is coming and the thud of catalogues landing on the doormat is getting louder. If you feel you are still busy enough with your non-Christmas shopping (it was the writer Keith Waterhouse who first noticed that long before December he could not buy a thing that wasn't gift-wrapped or topped with holly) try and remember what it was like last year... and probably the year before that. Hectic, was it? Lists blank, mind blunker? Take heart. With this week's *How To Spend It* guide in one hand, a drink in the other, you can do it all from the peace and comfort of your armchair.

The General Trading Company, 144 Sloane Street, London SW1X 9BL. Tel: 071-730-0411. £1.

chocolate coins for stockings (ten for £4.95), Dickensian advent calendars (£2.95), Valentine crackers (£14.95 for six). An original copy of *The Times* on any day of your choice since 1900 will cost you £19.95, the Chatsworth trays are pretty and just £10.95 each.

Barclay & Bodie, 7-9 Blenheim Terrace, London NW8 0EE. Tel: 071-372-5705. £2.

jasper and jade necklace (£75). Then there are some classically styled verdigris candlesticks, £19.95 the pair, a small but good selection of children's toys (nice old-fashioned drum and top, a jack-in-the-box, a penny whistle and a series of wooden nesting cats). There is a really beautiful hand-quilted patchwork bed cover – a copy of a 19th century ring design with a scalloped edge. All in pure cotton, it costs £195. An innovation this year is the introduction of 48-hour delivery (£6.50 extra though) and fax ordering services.

The Royal Academy of Arts Gift Catalogue, Royal Academy Enterprises, 8 Forge Court, Reading Road, Vale, Camberley GU17 7BX. £1.

For those who are tired of nostalgia, this catalogue is a splendid antidote – resolutely contemporary images appear on plates, jugs, scarves, mugs, many by eminent names such as like Michael Rothenstein (who has embellished a jug, a plate and a scarf), Hugh Casson, Paul Hogarth and Michael Kenny. Influenced by the Tibet exhibition at the academy there are some really enchanting papier-mâché bowls (£14.95 embellished with an elephant or a horse, Indian miniature-style). There is a good selection for the cook and a small selection of stationery, all beautifully designed.

Scotts of Stow, Admral 222, The Square, Stow-on-the-Wold, Gloucestershire GL5 1AF.

This is the catalogue for presents for the cook – from simple things such as a plain white French-style soup tureen

and soup bowls to a set of stainless steel copper-based saucepan, to more esoteric gadgets like the Atlas Pasta Machine and Le Saucier (an automatic sauce maker). If you are looking for small things there is the Robert Welch Garlic Press (all sturdy cast-iron, green, red or white, £14.95), Robert Welch's cast-iron salt and pepper mills, (£14.95 each).

Halcyon Days, 14 Brook Street, London W1Y 1AA. Tel: 071-638-8811. £1.50.

There is a fine selection of tiny one-off antiques – all expensive but exclusive. Then there are the famous Halcyon days

enamels – boxes embellished with everything from flowers to endearing messages. The smallest is £30.50, bigger ones are from £55 to £75.

Teddy Bears, 99 High Street, Witney, Oxfordshire OX8 6LY. Tel: 0893 702616. £2.

The catalogue for anybody who is planning on giving a teddy bear this Christmas. Teddy Bears has been specialising in traditional teddy bears for seven years and has established a good reputation. There are now some 92 different bears, 30 of them exclusive. The shop prefers telephone orders and inquiries.

Relatively new to the catalogue scene, Barclay & Bodie is an enchanting shop filled with seductive ideas for the house. Plain dark green pin board is £43 for a small size, £54 for large. A neat little device for measuring the height of the tennis net (vital now that the heads of racquets are so big) at £14.95 would make a good stocking present. For bridge fanatics there is a wildly extravagant (but beautiful) hand-embroidered bridge cloth (£385), padded and frilled needlework baskets at £25 and some exceptionally pretty hand-embroidered, lace-trimmed cotton guest towels at £7.55 at a time, scented candles in frosted glass containers at £5.75 and a really pretty sauce ladle with a fruit and leaf embossed bowl for £10.75. Those who fancy spending more will have no trouble – a soft, wool, blue and white, checked Welsh blanket is £106, some pretty nightshirts, £47 and a charming doortop, a teddy bear copied from a Victorian original, £72.

Past Times, 99 High Street, Witney, Oxfordshire OX8 6BH. Tel: 0893 778339.

Filled, as you might expect, with nostalgia – Victorian

As always, beautifully presented, lots of full colour pages and almost everything is tasteful. The company seems to have made a real effort to present lots of ideas at £20 – blue and white, checked Welsh blanket is £106, some pretty nightshirts, £47 and a charming doortop, a teddy bear copied from a Victorian original, £72.

The V & A Museum Catalogue, Freepost SU361, Dept. 5316, Hendon Road, Sunderland, SR9 9AD.

Lots of lovely things, in particular jewellery – faux pearl earrings with a pearl and bow brooch, (£29.95 for the brooch, £24.95 for the earrings but just £24.90 if you buy both). Faux pearl earrings with a twisted gold-plate setting (£14.95) and a charming rhinestone, silver-plated copper and lilac enamel brooch and earrings (£22.50 for the brooch, £24.95 for the earrings) and a beautiful Strasian

sculpture (£14.95).

Scotts of Stow, Admral 222, The Square, Stow-on-the-Wold, Gloucestershire GL5 1AF.

This is the catalogue for presents for the cook – from simple

things such as a plain white French-style soup tureen

and soup bowls to a set of stainless steel copper-based saucepan, to more esoteric gadgets like the Atlas Pasta Machine and Le Saucier (an automatic sauce maker). If you are looking for small things there is the Robert Welch Garlic Press (all sturdy cast-iron, green, red or white, £14.95), Robert Welch's cast-iron salt and pepper mills, (£14.95 each).

Halcyon Days, 14 Brook Street, London W1Y 1AA. Tel: 071-638-8811. £1.50.

There is a fine selection of tiny one-off antiques – all expensive but exclusive. Then there are the famous Halcyon days

enamels – boxes embellished with everything from flowers to endearing messages. The smallest is £30.50, bigger ones are from £55 to £75.

Teddy Bears, 99 High Street, Witney, Oxfordshire OX8 6LY. Tel: 0893 702616. £2.

The catalogue for anybody who is planning on giving a teddy bear this Christmas. Teddy Bears has been specialising in traditional teddy bears for seven years and has established a good reputation. There are now some 92 different bears, 30 of them exclusive. The shop prefers telephone orders and inquiries.

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HOW TO SPEND IT

...a catalogue of the best gift ideas

Lucia van der Post has been searching the Christmas brochures for interesting and attractive presents for the entire family

Traidcraft, Kingsway,
Gateshead, Tyne & Wear,
NE11 0NE, UK. Tel:
091-491-6591.

Traidcraft believes ardently in trading fairly with the third world and, although almost all its prices do seem exceedingly reasonable, it is at pains to point out that cheap goods at the cheapest possible price is not the point of the exercise.

It aims always to pay a fair price for the work involved and hopes that its customers will look to it for some of the handicraft that it is difficult to obtain in the west, rather than simply look for low prices. One problem is that although the craft element is obviously still there, many of designs lack the sophistication and finish that richer countries have become accustomed to.

This autumn Traidcraft offers four different catalogues. Alternatives homes in on clothing, jewellery and accessories, all of which have a strong ethnic feel. There are hand-woven fabrics, batik block prints, natural dye kniwear and traditionally embroidered fabrics such as the mirrorwork from Bangladesh and the cross-stitching from the hilltribes of Thailand, all worked into cosmetic bags, evening bags, scarves, shirts, dressing-gowns or boxer shorts, many of them charming.

Nicest to my mind are the softer bags made from the hand-woven or hand-embroidered fabrics, like the small cotton bag embroidered with Gujerati mirrorwork (just £4), and the Red Akha Knapsack (a splendid present for a teenager) made from hand-woven cotton with Akha hill tribe embroidery, £12.95.

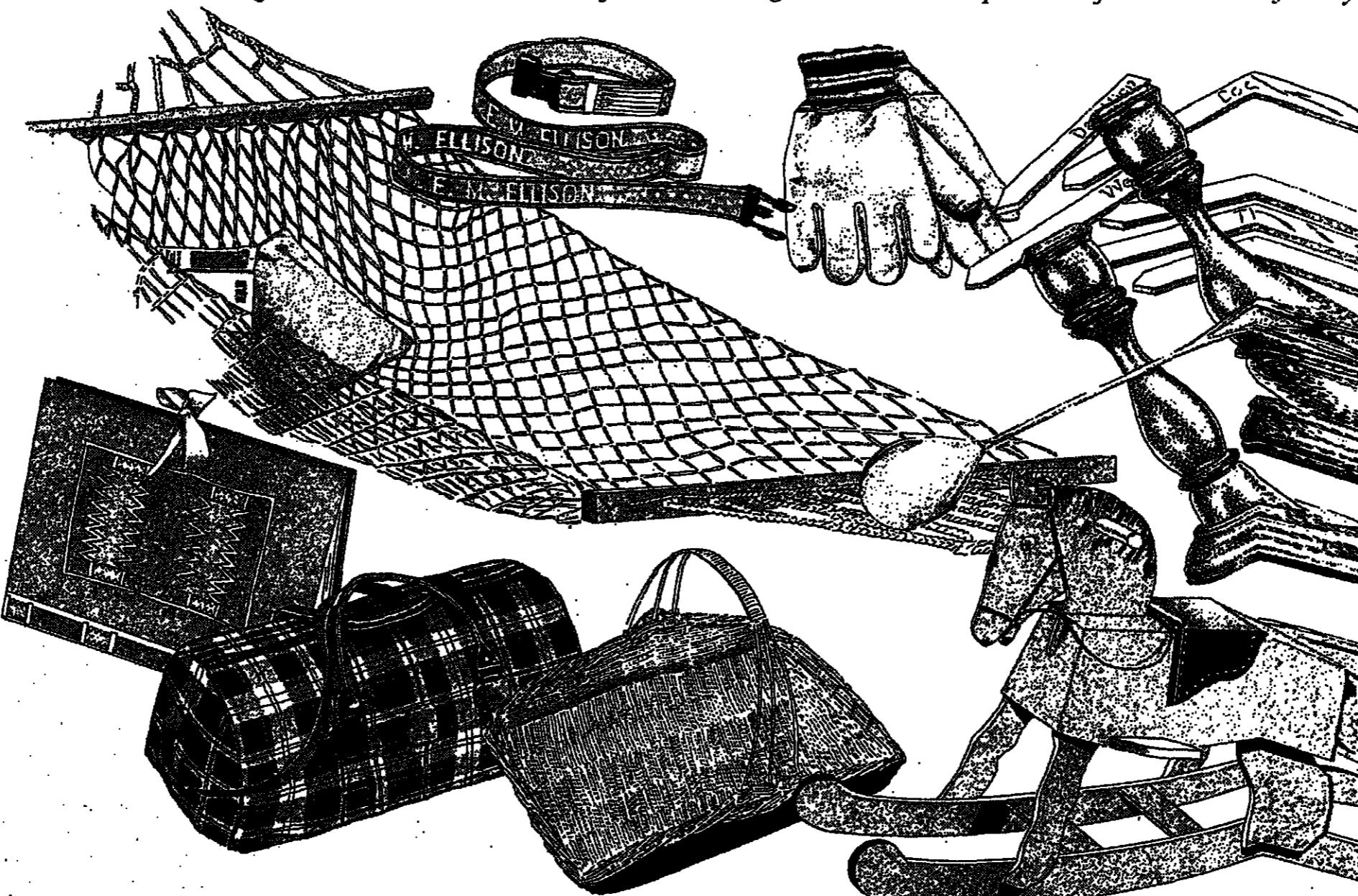
Interiors has some of the best ideas, duvets at good prices (from £13.95), padded cotton bedspreads, antique carved mirrors (£22.95), gold-leafed candlesticks, carved perfume pots, blue and white china, or an enchanting hand-painted papier-mâché bowl (£18.95).

Handmade & Recycled Paper offers some truly charming cards, wrapping paper and recycled paper, while the Christmas Cards & Gifts catalogue has a collection of cards with traditional Christmas images.

Oxfam Trading, Murdoch Road, Bicester, Oxford OX6 7RF.

Oxfam, too, believes in helping poorer countries by trading rather than by simply giving aid. Its catalogue offers pots from Nicaragua, carpets from Tibet, papier mâché from Kashmir, brass from India and sweaters from Guatemala; there is hardly a needy country in the world that it has not visited and traded with.

Most readers by now are



FROM the bottom left, clockwise:
■ Accordion file with five ivory coloured pockets, a ribbon tie and a bold Navajo-inspired cover, £7.95 from Unicef.

■ Dream about summer with a tough hammock from Chandpur Cottage Industries Bangladesh, 207 cm long with strong wooden ends, £16.95 from Tearcraft.

■ Recognise your luggage quickly with this personalised adjustable luggage strap, woven with the name of your choice, 58 in long, up to 20 letters, £6.50 from British Heart Foundation.

■ Heavy duty leather-look garden gloves with a fleecy lining and elasticated fabric cuffs, £14.99 from the NSPCC. For slightly lighter work there is a so-called

ladies' version for £11.99
■ For the ardent gardener who insists on telling you that a weed is only a plant in the wrong place, six terracotta sticks reading dandelion, dock, thistle, daisies, weeds and nettles, 25.99 from Save the Children.

■ Wooden candlesticks with antiqued gold leaf finish, 20 cm high, from Toll in Indonesia, £9.95.

each from Traidcraft Interiors
■ From Scotland, a solid silver jam spoon, 15 cm long, with a heart-and-dart finial, £37.95 from National Trust for Scotland.
Plywood and pine softwood rocking pony, painted in bright red with green rockers, 28 1/2 in high, rockers 44 in long and 14 1/2 in wide, £75 from Oxfam.

■ Trug basket made from British

willow in three different sizes, from £17 to £20.75 from Countrywide Workshops Charitable Trust. Also fishing baskets, hampers and pet baskets in willow.

■ Checked waterproofed Viyella fabric used to make a weekend bag with detachable leather straps, 22 in by 10 in by 10 in, £25, from The National Trust.

familiar with the standard Oxfam range but it is only fair to say that it has gone to great lengths to improve quality. If you prefer to do your Christmas shopping this way you really ought to be able to find something for almost everybody.

For example, a beaded evening bag at £17.95 is both reasonably priced and very attractive, a 3in square table cloth with four napkins, all embroidered by women of the Garo tribe with innocently sweet birds and flowers, is just £26.95, and a colourful Takka work bedspread is £49.95.

Save The Children Home Shopper, PO Box 40, Burton-on-Trent, Staffs, DE14 3LQ.

Another perennial with plenty of cards, ribbons, crackers, wrapping paper and other traditional festive delights to choose from.

It is a bit thin on actual presents, although if you look hard enough there are a few things, such as a rather fine fountain pen, finished in red lacquer, for just £4.99, or some carpet bowls for £26.50 that I would not be dismayed to find in the stocking come Christmas morning.

I like best the old-style monks' hat, straight from Tibet, in bright cotton from Bhutan - at £12.95 it would be a wow on any of the costas. The selection of children's toys has something for most age-groups but is not large. If you really want to help this particular charity you might find the food section at the back more inspiring.

British Heart Foundation, PO Box 45 Burton-on-Trent, DE14 3LQ. Tel: 0283-512040.

A selection of cards, all of which can be personalised and a few of which are really lovely (especially two from the Museum & Gallery selection),

ribbons, wrapping paper etc (although much of the et al is not, if I may put it this way, quite to my taste). A small selection of proper presents of which the nicest seem to me to be a sturdy weekend holdall in a good green with leather straps for £24.95, some useful gadgets for the DIY set and some exceptionally pretty padded hangers.

Tearcraft, PO Box 777, Carlisle, Cumbria, CA3 0QS.

Lots of cards, in every size, and taste and mood, wrapping paper (some stunning in plain gold and black and gold) and a range of gifts from an eye-catching marble-faced watch

(£22.95) to a jaunty selection of satchels, duffle-bags and other paraphernalia for children. Some nice silk ties for the chaps (just £14.95), small toys for children (nice elephant bookends and a really charming wooden wagon packed full of animals).

Another of the charities that trades with the Third World, believing passionately in the dignity of work. Goods come from Peru, Thailand, India, Bangladesh. Lots here that is very nice - I am a bit tired of T-shirts personally and yet we all wear them all the time.

Tearcraft has two rather charming ones, one embellished with a parrot and palm leaves, the other a *fauna nautica* aquatic scene of dolphin, sea and underwater life. Both are just £12.95 each. There are bright and cheerful wooden toys for children, a sweetly embroidered children's wall tidy, some leather for chaps, which may not be of the same quality as our big Western names but are an awful lot cheaper (black wallet for £1.95, credit card holder for £5.95).

Unicef - UK, Unit 1, Signals Lane, Chelmsford, Essex CM2 8TU. Tel: 0245-76315.

A small catalogue mainly hom-

ing on cards, paper and stationery but there are some exceptionally attractive cards and those of a modernist turn of mind who have trouble finding cards to their taste ought to find something here (a particularly nice range by Michael Gaumitz of France).

Countrywide Workshops Charitable Trust, 47 Fisherton Street, Salisbury, Wiltshire SP2 7 SU. Tel: 0723-226886.

Countrywide Workshops features the work of handicapped people all over the country but this does not mean that the work is substandard - much of it has especial charm. For instance the selection of cooks' and gardeners' aprons, household bags (for linen, pegs, shoes), dishcloths, oven gloves are really very pretty indeed, the leatherware is excellent value (a woman's handmade in real hide, while not in the Kelly bag class is nicely made and wonderfully priced at £29.75). There is lots of willow ware and some sturdy wooden toys for children including old-fashioned things like blackboards, cribs and nativity scenes.

The National Trust for Scotland, 5 Charlotte Square, Edinburgh, EH2 4DU. Tel: 031-243-9355.

A very small catalogue but with a distinctly Scottish flavour, which does at least mean it stands out from all the others, many of which buy from identical sources. Lots of tartan - choose from Royal Stewart, Dress MacDuff, Hunting Scott, Tartan crackers, rugs, ribbon, hangers. Some sterling silver pieces - jam spoons, salmon paté knives, honey spoons, all with a distinctly Celtic air. A beautiful pure silk scarf with hand-rolled edges, richly coloured after the style of the painted ceilings at Crathes Castle, also caught my eye.

The National Trust (Enterprises) Ltd, PO Box 101, Melksham, Wiltshire SN12 8EA.

Of all the charity catalogues this one probably has more things that most of us would really like to find at the bottom of the tree. Lovely simple wooden picture frames (from £14.95), a set of six absolutely plain pure Irish linen napkins taken from an 18th century design at Wimpole Hall (£54.95), a sterling silver christening spoon for a lucky baby (£45), some English pewter hair and clothes brushes (£25.50), good waterproof travelling bags (sponge, shoe, dress covers etc), lots of attractive cards, games, diaries and address books. There are also some nice games for children and the usual National Trust selection of edible goodies.

ALDO FALLAI

GIORGIO ARMANI

178, Sloane Street, London

EXHIBITION

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THE WATCH GALLERY

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This collection will be on view at the

129 Fulham Road,

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PERSPECTIVES

HAD YOU been able to track down Michael Foxen 20 years ago to his bicycle mending shop in north Africa and told him that today he would be chairman of The Real Food Group with a turnover of £2m and a staff of 100 he would not have believed you.

He would also have had considerable trouble hearing you. Scarlet fever as a child left Foxen with impaired hearing. At 18 he was told that he would almost certainly be deaf by the time he was 25. Foxen had won a scholarship to London University, but he decided to see the world instead.

Thanks to warmer climates and a changed diet his hearing did not deteriorate and in 1975 Foxen returned to the cleaner air of Edinburgh. With his wife, Charlotte Mitchell, Foxen now sits atop an extremely healthy organic and natural health food empire.

The empire includes two bustling retail shops in the centre of Edinburgh; a 40,000 sq ft warehouse on the outskirts full to the gunnels with the 5,000 different lines they carry for the shops, national wholesaling; and mail order business and a franchised supermarket chain, specialising in health food, which has 12 outlets in England, Scotland and Northern Ireland.

Foxen opened Real Foods, Natural and Organic Victuallers in a shop so small that no more than three customers were allowed in at one time. But he opened with strong convictions and a customer-friendly approach. He believes passionately that food does not have to be expensive to be good for you and that packaging adds little value but great expense for the consumer. He bought directly and displayed his wares in bulk which meant that the more customers bought, the lower the price. Queues soon formed outside the shop.

His timing was excellent, hippies, communes and Old Aged Pensioners formed faithful customers and the mail order side was soon turning over £1,000 a week including regular despatches to central London (today Real Foods exports to the Falkland Islands, Iceland and Hong Kong). In 1976 Foxen found a second retail site in Broughton Street above which lived Charlotte Mitchell, then at the Scott-



Cornering the scoop-on-market: Michael Foxen and Charlotte Mitchell at their Real Foods Shop in Edinburgh

Minding Your Own Business/Nicholas Lander

Muesli for the masses

tish Craft Centre. Mitchell had contracted multiple sclerosis and was trying to explore the possibilities of a gluten-free diet. Foxen first advised her on how to expand her diet, then gave her a job. Eventually they married.

As the business grew they imported more and more produce directly: black mission figs from California, red lentils from Turkey, pumpkin seeds from China, brown rice from Italy and pasta from Greece and Italy. Their range of mueslis has been consistently the biggest seller and in their Edinburgh warehouse is a mix machine which blends a staggering one tonne of muesli an hour.

There have been failures. The very mention of apricot kernel butter from China – considered in the late 1970s to be a cure for cancer – still makes Foxen and Mitchell wince. Their biggest organisational mistake also stemmed from over-enthusiasm. As the business grew they found that it attracted like-minded individuals who were not necessarily the most suitably qualified for the specialised jobs the organisation demanded. Their most effective management decision showed no such weakness: at the very beginning they employed a chartered accountant who, after nine years with Real Foods, has turned restaurateur.

For the first ten years profits were consistently ploughed back to allow the business to grow. By the mid-1980s the business had not only established Foxen and Mitchell's livelihoods but had given them different avenues down which to pursue their own particular interests.

As a food buyer Mitchell

would visit the huge annual French organic food and wine fair, Rouffach, in Alsace.

She became fascinated by organic wines, then almost unobtainable in the UK, and with her own staff as a loyal customer base, began to import her own range of organic wines. A throwaway line to a publisher friend over dinner one night led in 1987 to her writing The Organic Wine Guide (Main-

stream Publishing).

Moving on from wine she approached the Caledonian Brewing Company in Edinburgh to see if they would be interested in producing an organic beer. Originally rebuffed, she was invited back when a new management team took over. The resulting brew, Golden Promise, has transformed the fortunes of the brewery out of the red and into profit. Mitchell is now chairman of the Soil Association, the charity founded in 1946 by Lady Balfour to promote the health of the soil, and consequently, the health of those who live on its produce.

Foxen has pursued his own philosophy but operates more in a manner befitting a company chairman. By 1984 he had

realised that the large supermarket chains, in taking their produce more and more up market, were losing sight of their original customers – those in the C, D and E socio-economic classes.

Combining his commitment to natural foods with the realisation that it was now much easier to find

equally committed individuals to act as franchisees, Foxen launched Scoop-A-Market as a no-frills supermarket operation aimed at supplying good quality foodstuffs at low prices.

The concept has been successful for franchisees and for the Real Foods group. The franchise system saved the company from the nightmare of heavy bank borrowings.

Having progressed in so many directions the company could evolve in any number of different ways. Foxen believes that the future lies in niche marketing and talks enthusiastically of new opportunities for selling natural and organic foods which he personally

would like to pursue. Mitchell, on the other hand, prefers the pleasures of a well-stocked, well managed shop, and would like to find more retail sites and continue to educate the public to the pleasures of food that is good for the body and the soul which produces it.

■ The Real Foods Group, 14, Ashley Place, Edinburgh, EH6 5PX. Tel: 031-554 4321, fax 031-555 0550.

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■ The Real Foods Group, 14, Ashley Place, Edinburgh, EH6 5PX. Tel: 031-554 4321, fax 031-555 0550.

As they say in Europe

Pick your sides: peasant or cop

THIS WEEK I was reminded of an incident of some 20 years ago when I emerged from a south London pub with a friend of Irish ancestry at 11pm. He went up to a policeman a few feet away and asked what he was doing. The policeman said he was checking that customers left the pub on time.

My friend detected a Belfast accent and replied, "It's a free country over here you know. We can't have any of your police state customs in London."

I stole off into the night but was later reprimanded by my friend for having left him the lurch. "I would have stood by you if you had been in trouble," he said.

Thus the French papers turned on their partners, especially Germany, for having left France in the lurch over the Gatt row.

France-Sof had a cartoon showing Germany and Britain supporting the world's policeman, the US, by stabbing France in the back.

Le Figaro Alain Peyrefitte, a prominent peasant worshipper, criticised his government's weakness: "Why did we wait so long to show our partners that France attaches an essential importance to the need for the indispensable compromise not to damage our agriculture? Why did the Community give way in advance to American demands without having anything in exchange?"

The view that the French have been excessively lenient in the defence of their interests is not one that finds much of an echo elsewhere.

But it is the British, the Danes or the French who are the most unpopular in the Community. The Dutch business paper *NRC-Holland* ran two editorials on this disruptive trio in

London streets saw no-one rejoicing at the Russian president's arrival in Britain. And the press reported the visit in quite moderate terms... Yeltsin definitely managed to produce a favourable impression on the British MPs even though he overdid his thesis on the collapse of communism.

The first concluded: "France has done everything it can to torpedo an agricultural agreement with the United States. In France agrarian and anti-American sentiments go hand in hand."

The second consisted of a critical account of how British domestic politics had damaged the process of Maastricht ratification and asked if the majority "really wanted – if they wish to save the Union – to pull the Community from the downward spiral into which it has fallen because of the Danes and British."

The president is not quite the hero in Moscow that he is in London. But that is nothing new.

■ James Morgan is economics correspondent of the BBC World Service.

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If sides:
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FASHION

As the Suits crumple the creative Jackets take over at the top

WHEN Private Eye, the satirical magazine, launched a cartoon called The Suits, you knew that the tide had really begun to turn. Now, it is The Jackets who are making the most creative business decisions.

In the late 1980s, the classic suit became the symbol for every kind of professional achievement. Both style and status were captured in the designer interpretations of the traditional City two-piece. But now that finance no longer has its gun-ho image, the suit is a symbol of the drab money men who come and pore over the books — men for whom the word cut has more to do with costs than clothing.

To describe someone as "a suit" is an insult. And so, creative professionals have been turning away from the suit, towards combinations of jackets and trousers for business wear. From Jasper Conran's jackets in vivid orange and acid green, to Marks & Spencer's range of soft, woolen monofil jackets in rich colours from blue to raspberry, menswear right across the design spectrum is turning its attention back towards jackets — and for business rather than pleasure. The suit is no longer the be-all and end-all of the professional wardrobe.

In September, Dunhill presented to the press their new

tweed jackets of the English country weekend; rather, jackets in cashmere and linen, with subtle patterns and checks, or in plain but rich and sophisticated colours. It is this style of jacket which is being accepted as business dress in advertising, architecture, retailing and design — the creative professions which always spearhead changes in the executive dress

code.

In response, companies like Dunhill and Hermès are putting their energies into jackets rather than suits. Hugo Boss, the designer label responsible for many of the sharp-shouldered suits of the 1980s have switched their advertising images to portray men in relaxed jackets instead. George Bush was prepared to make policy statements in his Kennebunkport wardrobe of preppy sports jackets, worn over cotton chino trousers.

It is the Italians who are the biggest continental influence on the suited look of the 1980s, then the French have more responsibility for the rise of the 1990s separates. For years, Frenchmen have done business in sports jackets and trousers, wearing in the boardroom a look which the English would reserve for the bar room.

Not, of course, the heavy

tweed jackets of the English country weekend; rather, jackets in cashmere and linen, with subtle patterns and checks, or in plain but rich and sophisticated colours. It is this style of jacket which is being accepted as business dress in advertising, architecture, retailing and design — the creative professions which always spearhead changes in the executive dress

The English sports jacket emerged in the 1920s. As the lounge suit began to replace formal, morning dress as proper professional attire, the tweed jacket worn with flannels became its casual counterpart. It was a sign of status to have a separate jacket for "sports" with his suggestion of a country estate on which to pursue them.

acceptable business dress in all but the most formal French professions. And the concept is spreading.

Bernard Larvin, who works most days in a cashmere blazer, explained his look to Americans when he took on Lanvin, the US wing of his family's designer label.

"Whereas I have suits for specific occasions," he said, "my blazers are for the office, for travelling and for the country." (He did not elucidate on the specific occasions which that did not cover.)

Hermès designer Véronique Nichanian was more direct. "You don't need to wear a suit to look smart," she declared.

Combining separates does give men a greater opportunity to combine colours and patterns in an individual way. "People's personality comes through more," insists Duddle. "Business dressing today is much more about enjoyment and about putting different things together in a personal way. The days of every man looking like a clone have gone."

Which does make dressing a

little more difficult. Gone may be the simple choice of a plain, dark suit each morning. The US financier Ivan Boesky wore a black, three-piece suit with a white shirt to his office every day. Asked why it never varied, he replied "I have enough decisions in my life already."

Of course, if you are wearing separates for business, you do have to wear them with the formal accoutrements, the proper shirt, tie and shoes, that would accompany a suit.

Mark McCormack, the sports agent, often wears a sports jacket as opposed to a suit, but with a formal shirt and classic tie. He recalls correcting another executive who matched a blazer with grey slacks and an open silk shirt. "Many of our clients are in their twenties, and many of them, particularly the tennis players, show up for meetings dressed casually. But many of these 20-year-olds are also millionaires, and we handle their money."

"They want our executives to look more like bankers than like tennis players — even nicely dressed ones."



Casual look: Alfred Dunhill informal jacket (£375), trousers, shirt and tie

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DAKS

Avril Groom

Stocking up on accessories

WHEN you hang up your stocking for Santa this year, make sure it is a matt, black, opaque one. Into such a voguish receptacle the modern Father Christmas (wearing red biker's leathers trimmed with white fake fur and riding a Harley Davidson instead of a reindeer sleigh) will be unable to resist pouring all your accessory requests.

With many women exercising a strict moratorium on serious fashion buys, this year it is the essential accessory or inexpensive basic item that updates your wardrobe and most of them are not too pricy for the present list.

Start with jodhpurs — although you may need a pillowcase rather than a stocking if that is what you really want.

Jodhpurs are this year's advance on leggings to go with last winter's comfortable loose sweater or shirt, but also good with dandy-style equestrian jackets. Best in basic black, they are £49.95 by Huntsman from Fenwick, £29.95 at Stirling Cooper and from £19.95 to £24.95 at Miss Selfridge.

Black leather jeans are every designer collection's must-have, but Top Shop's are only £59.95, Miss Selfridge's £29.95.

The new long-skirted or slim-trousered silhouette demands a new shoe shape, with more of a heel, perhaps

a slight platform (do not overdo it unless you think Minnie Mouse is elegant) and a higher cut such as lace-up or elastic-sided ankle boot.

Red or Dead's styles in this vein go from £20, Pied-à-Terre's from £38 to £59 and Russell and Bromley have wonderful long-toed lace-up ankle boots for £35.50.

Bored with the plain white shirt that has gone under your suit jacket for the past three seasons? Then abandon the jacket and try a cobwebby black crochet waistcoat as the first salvo in the 1970s fashion war.

Costing £25 at Miss Selfridge, and £24.95 at Top Shop, the black crochet will also see you through party evenings over velvet or chiffon. Printed waistcoats are a big part of the dandy look for women and men — from £25 at Marks and Spencer to £30 and £39 (this one silk) at Fenwick.

Another variant on the white shirt is an old-fashioned men's white silk evening scarf from antique shops or new version at Fenwick, £19.95 tied stock-style on the neck. Newest in scarves, and a pointer for next spring, is the long, 1920s style, in shimmering pale printed panné velvet, £69, or soft plain silk with contrast border, £25, from Georgina von Etzdorf (who can match the print in ties and scarves for your man).

Avril Groom

SPORT AND MOTORING



Legs of a pin-up: Naas Botha kicking for South Africa

THEY CALL IT port-rot. Too much time alongside the harbour wall rots men and ships, say the old salts. The 10 yachts of the British Steel challenge leave Rio tomorrow on the next leg of their round-the-world race. For most of the 140 sailors it cannot come too soon.

Seven weeks ago the fleet sailed out of the Solent, crewed by enthusiastic amateurs. After 5,000 miles of racing these doctors, managers and firemen now hang around the waterfront bars with the authentic mien of deep-sea boat bums. All agree they have changed as people.

At Easter this year I visited the newly launched *Heath Insured*, sponsored by the eponymous City brokerage. Snug in Brighouse marina the crew were strangers to one another; the voyage ahead of them merely words in Chay Blyth's brochure. All they had in common was a willingness to spend £15,000 and the courage to walk away from ordinary life for nearly a year.

This week, sail-testing in the shadow of Sugar Loaf mountain, Heath's crew had more about them than just deep suntans. Coming third in a highly competitive leg had hardened them up and made them realise they had signed on for a race rather than just a physically challenging round-the-world cruise.

"A lot of the crew's personalities were not the same after a few weeks at sea," said Lisa-Marie Wood, in normal life a superintendent of a Cambridge nursing home. "We weren't as caring of one another. We shouted, and Please and Thank You disappeared."

"I lost my temper and flew at someone for the first time in 14 years. I couldn't bring myself to say

Sailing/Keith Wheatley in Rio de Janeiro Amateurs who learnt how to mutiny



Plain Sailing: Heath Insured finished third in the first leg of the British Steel round-the-world challenge

sorry the next morning. It wasn't until we got to sea that I felt how much everyone on board, especially our skipper, wanted to win this thing."

Blyth is himself surprised at how intense the competitive ethos has become. "We thought we were putting together a round-the-world

adventure, within the structure of a race," he observed in the Yacht Club Rio de Janeiro. "With hindsight we might have put in a few more controls to keep the pressure, both from sponsors and internally, at bay."

Adrian Donovan, skipper of *Heath Insured*, is experienced both in the

charter and racing world. He is accustomed to having paying guests aboard, surprised at what happens when they start wanting to win.

"They could all sail to greater or lesser extent when we started this leg," said Donovan. "What they've acquired is the focus to race hard with total concentration for

weeks on end. I probably didn't steer for a total of five hours out of the five weeks at sea."

"One of our crew, Bill Vincent, is the most placid man you could meet. But when another yacht would look like catching us he would glare at it with total hatred for minutes at a time. The Vincent

Glare is now a legend on the boat: we summon it up like voodoo."

The sub-plot running along the Rio waterfront this week has been the 7,000 miles of sailing between here and Hobart. Every crewman will tell you he knows dozens of others who are deeply apprehensive about facing nearly eight weeks in the freezing cold and rough seas of the Southern Ocean.

As far as Cape Horn the leg is likely to be a gentle broad reach, with the yachts able to fly their new asymmetric spinnakers. Once they turn to the west the average wind speeds will creep towards 35 knots, with steady oncoming 50 ft rollers.

On deck it will be cold and nasty, down below far worse. One briefing for the crews described it thus:

"Imagine standing outdoors for four hours in a thunder storm on a very cold day. Rain is sheeting down. Every 30 seconds someone throws a bucket of water over you. Even in oilskins and wellies you are going to get very wet indeed."

"After four hours on watch you will be allowed to rest in the coldest room in a small cramped building nearby, and then back outside for another four hours of wetness. Oh, and it will be dark for much of the time."

Perhaps surprisingly the dropout rate after one leg has been tiny. The heaviest casualties have been among the 10 skippers; all professionals hired by Blyth to lead from

the front. In the past eight weeks one has been fired and two quit for "personal reasons". It has begun to resemble a nautical Agatha Christie novel.

"We'd prefer to have had 10 skips start and the same 10 finish," admitted Blyth. "Perhaps we should have had them in place even earlier. It's our mistake as organisers if things go wrong in that area."

"However, the fact that we've only had one crew member quit is amazing. Remember these aren't yachting; they've got stuff back at the ranch; wives, families, businesses."

Blyth mentioned one crew-member, self-employed as many of them are, with a business in possible terminal trouble back in the UK. "He's agonising about whether to go back or keep on with the race," he said.

The most recent skipper to arrive is Devon yachtsman Peter Phillips, charged with the task of gingering up a demoralised *Rhône-Poitou* crew who have had two skippers in just over a month. "They're about to learn that this isn't a nice game," said Phillips. "If anyone gets off this boat in Hobart it isn't going to be me."

Meanwhile, aboard the calm and well-scrubbed *Heath Insured*, Adrian Donovan was about to take some sponsor's guests — Peruvian insurance executives — for a sail around Copacabana Bay. "I look at some of these boats and wonder if they've got it in them to battle on," he mused.

Chay Blyth designed the Challenge as 10 identical boats racing around the world. Already the immutable facts of human nature are showing that, as Orwell wrote, some are more equal than others.

Motoring/Stuart Marshall

High marks from the high heeled

CARS ARE often categorised. A purple metallic Ford Escort or VW Golf cabriolet is a hairdresser's car; a Porsche 911 a yuppie's car (whatever happened to yuppies?); a Nissan 200SX a florist's car; a Volvo 340, Honda Civic, Nissan Sunny or Toyota Starlet a pensioner's car.

Yes, it is unfair. But life is unfair, to motor manufacturers as it is to everyone else. The

biggest category of all, though into which many a car is dismissively consigned, is that of the woman's car.

But what is a woman's car? Is there really such a thing? Or is it a mythical concept, put about by men fighting a rear-guard action against what they perceive as a female assault on a male bastion? And I must make the point that those who use the term "woman's car" pejoratively often reckon any

car taking longer than eight seconds to hit 60 mph (96 kmh) from a standstill is a mechanised shopping trolley — and a fairly arbitrarian one at that.

When I say I have been researching what makes an ideal woman's car, I really mean that I have asked my wife. She is not a typical woman motorist in that she drives more cars each year than most people do in a lifetime. But this, I would argue, makes her better qualified than the woman who has driven nothing but Minis since passing her test in one 30 years ago. (Yes, they really exist.)

So, what features would the thinking woman driver expect of a car?

First comes reliability, because women have good reason to fear the danger as well as the inconvenience of a roadside breakdown. Next is safety. The car must feel and be strong. There must be good all-round visibility from the driving seat. Windscreen pillars

must not be too obstructive. There should be see-through rear quarters. A rear window wipe/wash system is useful on a saloon, essential on an estate or hatchback.

Ideally, the car will have anti-lock brakes and the ride will be fairly firm for confident handling. Power steering is essential, automatic transmission desirable. The turning circle should be small.

Seats should be soft and cloth-trimmed and the outside mirrors adjustable from inside the car. Controls must be light with all the minor ones as near the steering wheel as possible.

I am told a treadle-type accelerator pedal makes driving in high-heeled shoes much easier. Other female desirables are a good-sized lockable glove box, door panniers and net pockets for maps in the front seat backs. ("I cannot," says my wife, "bear loose things moving around on the seats or floor"). The boot must be as large as possible, with a flat

sill to make it easy to lift things into.

Four wide-opening doors are preferred to only two. In any case, they must have strong stays to keep them open — "I want to get in and out of a car parked on a steep camber without fear of having my legs amputated."

Nothing should reflect in the windscreen; there should be an interior release for tailgate and fuel filler flap and the filler cap must be easy to take off and replace. ("On some cars, they have been so stiff and awkward that only a gorilla could have managed them without a struggle").

The car must be nippy enough for quick, safe overtaking. Statistics promising neck-jerking standing-starts and licence-losing maximum speeds cut little ice with women drivers. Excess muscularity comes a poor second to perceived strength and safety — and the car must still have reasonable value at trade-in time.



The Daihatsu Applause 1.6GX: top marks from female drivers

instant coffee jar.

The seats are nice and squishy, the boot huge and low-slung. Although it looks like a four-door saloon, the Applause is really a hatchback and, yes, the back window which lifts with the boot lid has a wash-wipe. It is about as exciting as a food processor, but just as useful. And it comes with a three-year unlimited mileage warranty.

MOTORS

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FOOD AND DRINK

Christmas with Uncle Sam

BRITONS in search of American foods for the holidays, to give as gifts or serve on their own tables, are in luck this year.

Technology is making it easier and faster to mail-order food from the US, and there is a widening variety of mail-order companies from which to choose. But Britons' best and easiest source for American foods this holiday season is Harrods, which has chosen "Christmas in New England" as the theme of its annual holiday promotion.

Housewares, furniture, clothing, accessories, toys, as well as food products from the New England states of Connecticut, Rhode Island, Vermont, Massachusetts, Maine, and New Hampshire are featured.

Harrods has constructed a 5,000 sq ft New England-style village and a miniature version of Boston's historic freedom trail, for children in its Knightsbridge store.

Harrods works with the Massachusetts Port Authority to locate not only well-known companies such as Ocean Spray cranberry products, Cross Pens and Dexter shoes, but US cottage industries. (There really is a Dave, for example, behind "Uncle Dave's Vermont-Made" sauces and cocktail mixes.) All the food products usually associated with New England are available at Harrods including tinned Boston baked beans and Vermont maple, blueberry, raspberry, and

boysenberry syrups. New England's famous seafood is represented by Olde Cape Cod's tinned soups, chowders and bisques, as well as fresh clam chowder made from Boston-based Legal Seafood Restaurant's recipe.

New England's reputation as a source for homemade sauces and spreadable products is growing in the US. Among those available at Harrods are Underwood barbecue sauces, Atwood and Cooke's honey

Selby's Food Hall, Fortnum and Mason, Partridge's in Sloane Street, Hampstead Food Halls and Cullen's food stores throughout London are also well-stocked with American food products.

Many American food companies will ship their products. Credit cards, fax machines and express mail services expedite mail orders, but it is important to order as soon as possible given the holiday rush.

Overseas shipping charges are heavy, sometimes doubling the purchase price, and make sure to inquire about duty and taxes before placing your order, as they do add additional costs.

Pepperidge Farm makes some of America's most popular cookies and crackers. Pepperidge Farm's Goldfish crackers are the quintessential American snack food, served at superior cocktail parties and collegiate beer bashes alike. Some Pepperidge Farm products are available at Harrods.

A selection of cookies, nuts, chocolates, snack mixes and crackers, many in decorated tins and gift boxes, can be mailed to Britain from

Lake Champlain Chocolates from Vermont, Renee's Vermont Buttercrunch candies (toffee centres dipped in chocolate and rolled in nuts), and lobster-shaped chocolate lollies from Massachusetts' VIP Sweets.

Harrods Food Hall has long been a mecca for homesick Americans in search of familiar food products, and many essential components to American holiday dinners can be found there: fresh cranberries for

cinnamon, chocolate-raspberry, and banana flavoured peanut butters, and Gourmet Products' corn relish and honey mustard sauces.

Specialty sweets on offer include Lake Champlain Chocolates from Vermont, Renee's Vermont Buttercrunch candies (toffee centres dipped in chocolate and rolled in nuts), and lobster-shaped chocolate lollies from Massachusetts' VIP Sweets.

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Pepperidge Farms' Connecticut HQ. Fruit cake is an American holiday standby - the ultimate "you either love it or hate it" food. Quips about there only being 10 fruit cakes in America, constantly handed on every holiday season but never eaten, are as common as mother-in-law jokes, but there are as many people who find the chewy nut-and-preserved-fruit concoctions (denser, less boozy versions of Christmas pudding) delicious.

Fruit cakes, although not particularly easy to transport, do have good keeping qualities. A good source is the Collin Street Bakery in Corsicana, Texas, which has special



The Collin Street Bakery in Corsicana, Texas, which has specialised in mail-order pecan fruit cake for 96 years

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ises in mail-order pecan fruit cake for 96 years. Also familiar to Americans are Oregon-based Harry and David's gift baskets of fresh and dried fruit, cheeses, sausage, and sweets.

Many of Harry and David's products can be shipped to Britain - cakes, candies, preserves, and even a vacuum-packed north-west smoked salmon (£26 for a 1lb 4oz portion, plus 30 per cent shipping charge).

Freepost, Maine's L.L. Bean, which has raised catalogue sales to a high art, ships New England-style foods including muffins, pancakes, bread mixes, syrups and honey

products. Using Federal Express, L.L. Bean can rush orders to Britain in two weeks - regular air mail takes a month.

Addresses:

Pepperidge Farm: Gift box prices from £10-£15. Pepperidge Farm's deadline for shipments to Britain is December 4; for shipments within America, December 11. Tel: (203) 669-4000, ask for mail order department. (800) 243-8314. FAX: (203) 669-4401. address: PO Box 917 Clinton, CT 06413-0917.

Collin Street Bakery: Its cakes range in price from £9.50 to £20.50 each and orders must be placed by November 20 to reach Britain by

Christmas. Tel: (903) 872-8111/(800) 248-3366. FAX: (903) 872-6679 (their five fax machines are on 24 hours a day) Address: PO Box 79 Corsicana, TX 75151.

Harry and David: Orders to Britain take six to eight weeks to process. Tel: (503) 776-9920/(800) 345-5655. FAX: (503) 776-2194 address: PO Box 712 Medford.

L.L. BEAN: Tel: (207) 665-3161, extention 3736 or (800) 221-4221. FAX: (207) 872-2104 address: Casco Street, Freeport, ME 04033.

The companies which have toll-free phone numbers, that is those with the 800 area code, cannot be accessed from Britain.

Tailor-made hampers in wicker baskets. Plus wines and spirits in presentation boxes.

WINES AND SPIRITS

Most wine merchants are organised, and only too pleased, to despatch a case of wine by post or carrier. However, the following are the most consumer-friendly either because they have given special thought to the quality of the cartons to minimise breakages or because they have already a wide range of gift packaging.

Adams: The Crown, High Street, Southwold, Suffolk IP18 5DP. Tel: 0502-724222, fax 0502-724805.

Berry Bros and Rudd, 3 St James Street, London SW1 1EG. Tel: 071-396-9600, fax 071-396-8611.

The Toftes Shop, 7 Brunswick Road, Penrith, Cumbria CA11 7LU. Tel: 0798-22008. Probably the best British judge. Made to a secret recipe, from £2.00 per lb in post and packing.

The Village Foods, Bramley, Cumbria CA10 1HE. Tel: 0298-322335. The finest cooking wine, Valhorna, prunes, from the Garonne and chestnuts from the Ardche.

The Moustrap, 3 School Lane, Lampeter, Ceredigion, Wales. Tel: 0432-616512.

Ticklemore Cheese Shop, 1 Ticklemore, Tolethorpe, Doncaster DN10 9SE. Tel: 0808-800266. Beaufort, Blue Vinney and a range of Farmhouse Cheddars.

Godfrey C. Williams & Son, 8-11 The Square, Sandbach, Cheshire, WA11 8JL. Tel: 01606-762817.

HERBS AND DRIED MUSHROOMS

These French dried mushrooms are of an excellent quality. A good, reliable source of herbs can make a great difference to your cooking, particularly during the winter months.

Gourmet By Post, 13 Hawthorn Road, Sutton, Surrey. Tel: 0181-2391. Dried wild mushrooms from France - cèpes, girolles and morels - and black truffles.

Kilveragh Smoked Foods, Kilveragh Industrial Estate, Bishopsthorpe, Kent CT7 0NB. Tel: 0843-70865-0843-48000.

Lang Geo Oysters, Lang Geo, Friston, Orkney KW17 7EF. Tel: 0856-76544. Oysters, mussels, king scallops, lobsters and crab.

Loch Fyne Oysters, 142a Clachan Fine Foods, Inverness, PA2 8SH. Argyll. Tel: 0468-264. Tax 0468-234.

Minola Smoked Products, Kenfig Hill Farmhouse, Filkins, Lechlade, Gloucestershire GL7 3QY. Tel: 0856-7880 391, fax 0856-7880 549. A wide range of smoked fish and meat smoked without artificial flavours or colourings - quail, venison and guinea fowl - that make ideal party food.

North Isles Shellfish Ltd, Crowness Crescent, Kirkwall, Orkney KW16 1RE. Tel: 0856-876151, fax 0856-876152.

Tastemasters and Co, The Telegraph House, Lockerty, Romsey, Hampshire SO51 0QE. Tel/Fax: 0794-41082. A good range of all types of produce, particularly fine cheeses.

Richard Woodall, Lane End, Wetherby, North Yorkshire. Tel: 0858-717227, fax 0858-717010. Delicous Cumberland hams, Parma-style air dried ham and first class bacon.

Malvern View Herbs, Longdon Hill End, Upton on Severn, Worcs. Tel: 0856-202241. Old English Herbs. Bluebell Wood, 31 Woodlands Avenue, Tiverton, Devon. Tel: 0826-774978.

Iona Croft Herbs Ltd, Frittenden Road, Staplehurst, Kent TN12 0DH. Tel: 0580-891432, fax 0580-892416.

Malvern View Herbs, Longdon Hill End, Upton on Severn, Worcs. Tel: 0856-202241. Old English Herbs. Bluebell Wood, 31 Woodlands Avenue, Tiverton, Devon. Tel: 0826-774978.

The Fresh Olive Company of Provence, Coronation Road, London NW1 1RE. Tel: 081-988-6193. For Christmas sweetmeats, from Calabria in Italy, chocolate, coated figs and walnuts.

Bagatelle, 44 Harrington Road, London SW7. Tel: 071-581-1851. For Christmas sweetmeats, a la française.

Bendicks of Mayfair, 48 Curzon Street, London W1Y 7RF. Tel: 071-629-4389. For wholefood and organic foods and "green" products.

The Oll Merchant, 47 Ashchurch Road, London W12 9BU. Tel: 081-740-1333, fax 081-740-1319. An extensive range of French oils and Italian balsamic vinegar, Rizzi anchovies and sardines, pesto and sun-dried tomatoes.

Taylor and Lake, Park Farmhouse, Sandford St. Martin, Malmesbury, Wiltshire SN16 0LO. Tel: 0886-840851, fax 0886-840222. A delicious range of different cheeses, condiments and jellies for all diets.

Winocellar, 153-155, Wardour Street, London SW1. Tel: 081-871-2688. Italian olive oils, pesto and chestnut flour and aspettini, fruit vinegars that are sensational on ice cream, as well as a top range of Italian wines.

Panzera, 13-19 Circus Road, St John's Wood, London NW8. Tel: 071-352-5857.

The Chocolate Society, Bar Lane, Boroughbridge, Yorkshire. Tel: 071-355-0165. For wholefood, honey and French country wines in pretty hampers.

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Armchair shopping guide for sybarites

Nicholas Lander compiles a list of top food and drink retailers who will deliver goodies to your door

Food, Poultrey and Game

Fletchers Fine Foods, Reddehill Deer Farm, Auchtermurchy, Fife KY14 7HS. Tel: 0337-28569, fax 0337-27001. Joints of venison, veniburgers (sic), juniper berries (sic),

and recipes for cooking venison.

Goodman's Game, Walsgrave Farm, Great Wilbraham, Wiltshire SN9 8JU. Tel: 0296-862272. The source of Philippa Davenport's Michaelmas goose.

Green Label Poultry, Suffolk. Tel: 0473-55466, fax 0473-558867. Greenglass and Lunedale duck.

Heal Farm, Kings Nympton, Umberleigh, Devon EX37 9TB. Tel: 0795-2077, fax 0795-28538. Top quality meats at top prices.

Meat Matters, 01-442-5565. A very personal service of elegantly wrapped organic meat for London customers and delivery.

Hannoch Smokery, Kintochie Ranch, Pitlochry PH16 9PL. Tel: 0892-2344, fax 0992-2444. Smoked venison for a delicious first course.

The Pure Meat Company, Meadow Lane, Cardington, Bedford MK4 1LH. Tel: 0102-381 463. Free range turkeys, wild blue pork (a

cross between wild boar and domestic pig) and cured ox tongue.

The Real Meat Company Ltd, East Hill Farm, Heytesbury, Wiltshire BA12 0JR. Tel: 0985-40436, fax 0985-40432. And for overnight delivery Real Meat Express. Tel: 0985-40501.

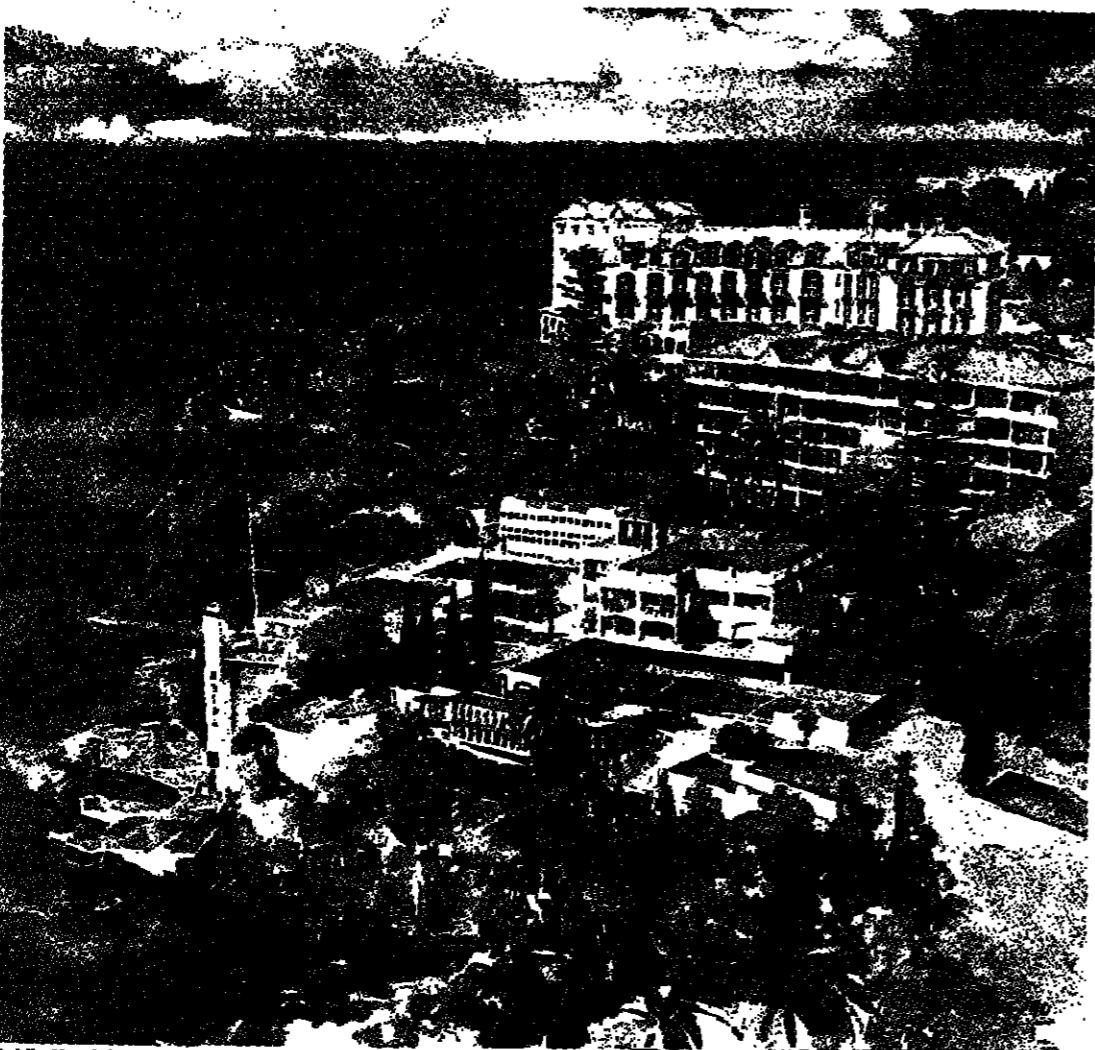
Somerset Ducks Ltd, Tel: 0225-726100. Duck, geese, swans, cooked ducks, duck sausages and pâtés.

Swaddles Green Farm, Hare Lane, Buckland St. Mary, Chard, Somerset. Tel: 0460-234367, fax 0460-234368. A wide range of organic meats but the American bronze turkeys and their jamon cru are distinctive.

Fish, SMOKED FISH and SMOKED MEAT PRODUCTS

Ashdown Smokers, Skellern Farm, Corney, Cumberland LA19 5TW. Tel: 0657-324, fax 0657-380.

FOOD AND DRINK



Reid's Hotel: Jet-setters can stay away. Go there to relax

Treat for the bank manager

Nicholas Lander goes in search of proper Christmas puddings

SUMMER HAS gone and taken with it the tourist trade. The onset of winter means fewer visits from those who have second homes in the area. What do restaurants, which have relied on these two sources of income, do to generate cash-flow through the winter?

Some restaurateurs, such as Rick Stein of the Seafood Restaurant in Padstow, Cornwall, open a delicatessen with a bakery and wine shop to feed the locals. Those with smaller overheads lay off staff and hope to weather the cash-flow crisis that will inevitably be at its worst from January to March.

At the Carved Angel in Dartmouth, Devon they wait for the Dart Regatta to draw to a close at the end of August. Then they pull out a well-thumbed copy of Eliza Acton's *Modern Cookery for Private Families*, first published in 1855, a large Hobnail mixer and a battered steamer and start making Christmas puddings.

Their total production of 1,000 puddings with no quiet nights in the kitchen, two batches going through. Margins are smaller than in the restaurant but the process does not involve extra overheads or expensive raw ingredients. More importantly, the large cheques from the shops arrive early in the New Year to keep the bank manager happy and allow Joyce Molyneux, the Carved Angel's widely respected chef-proprietor, to take off for six weeks rest and relaxation.

Like so many good ideas in the restaurant trade, the making of these puddings was born out of desperation. Molyneux opened the Carved Angel in 1974 with Tom Jaine, who is today editor of the *Good Food Guide*. Both had worked at the Hole in the Wall in Bath, the most innovative British restaurant in the 1960s and 1970s. She admits today that they displayed their first menus with a touch of arrogance and merely sat back and waited for the crowds.

The crowds came, looked but walked on. During the winter of 1974-75 the restaurant's cash position was critical. It was Jaine who suggested the puddings, primarily for local customers, and Molyneux who reached for *Modern Cookery*.

They quickly found a good London outlet in the David Mellor kitchen shops. The shops have remained loyal customers in spite of a mouldy pudding, opened by Mellor, that had gone sour because someone had put too much apple in the mixture.

The same year also saw the puddings' first export success. Devon is twinned with Calvados and Jaine joined a delegation of local businessmen on a stand for the two-week Cen agricultural fair armed with puddings, English fruit cakes, preserves, lemon curd and Chewton Mendip Cheddar.

In spite of the fact that the French did not understand what was meant by suet - an essential animal fat ingredient in this recipe - the puddings

YOU COULD, if you were so minded, spend a week or more without ever leaving the gentle environs of Reid's Hotel, Madeira. There you could move effortlessly, from room to balcony, from balcony to swimming pool.

You could summon tea, cucumber sandwiches and the ritual Madeira cake, some freshly-squeezed orange juice or something much more exotic and it would all come, exactly as you asked.

You could pass your days sitting under the palms or the dragon trees in among the pelargoniums, the plumbago and the bougainvilleas. You could bathe with the cold buffet by the pool, spend the afternoon pondering the weighty matter of which of the restaurants you fancied that night.

Should it be casual and informal in the Villa Cliff Or black tie, posh frocks, *foie gras* and a particularly fine Puligny-Montrachet in *Les Fauves*? Or, depending whom you are with and why, maybe room service with dinner on your own balcony overlooking the pool, the palms and black, black night?

Ah... decisions, decisions...

You could, as I say, idle the days away. But I do not advise it. Cocooned in comfort, surrounded by fellow sybarites, you would never know that up in the moun-

tains is another world, a world of mists and clouds, of laurel woods and forests of eucalyptus and pine, of rivers and banks of flowers. Higher still, above the forests, there is an open moorscape of grey lava stones and lonely roads, of scrub and heather, wild bilberries and rocky hills. Here you can walk and be alone with nothing but you, your companions and this strange landscape.

We were lucky, we were taken

unpack the wine, the Madeira ham and cheeses, the fruit and the cake and then we walked again... all day long. It was a perfect day.

But, although everybody should be so lucky as to have Richard Blandy as a companion, it is possible to walk the *levadas* without him. Buy the classic book *Landscape of Madeira*, by John and Pat Underwood, when you get there.

Once a week Reid's Hotel takes a small group of guests walking,

and film stars have stayed there. Lingering in the corridors is that indefinable sense that history gives, a sense of an hotel that believes itself to be the best.

The days have passed since passengers arriving by liner ("the best hotel is Mr Reid's"), said the *London Fortnightly Review* were ushered ashore. Today the regular shipping lines no longer call but at Funchal airport there is still the sense that those who are heading for Reid's are heading for the best.

In the summer I daresay Madeira has its rivals. But in the European winter Madeira and Reid's come into their own. Where else do you know that is almost certainly warm, sunny, balmy even, within 3½ hours flying time from London and involving no jet-lag?

For those who are looking for a trendy, jet-set kind of place, Reid's is not it. Reid's is quiet, almost sedate, but if you are in need of unfrizzling, it is perfect.

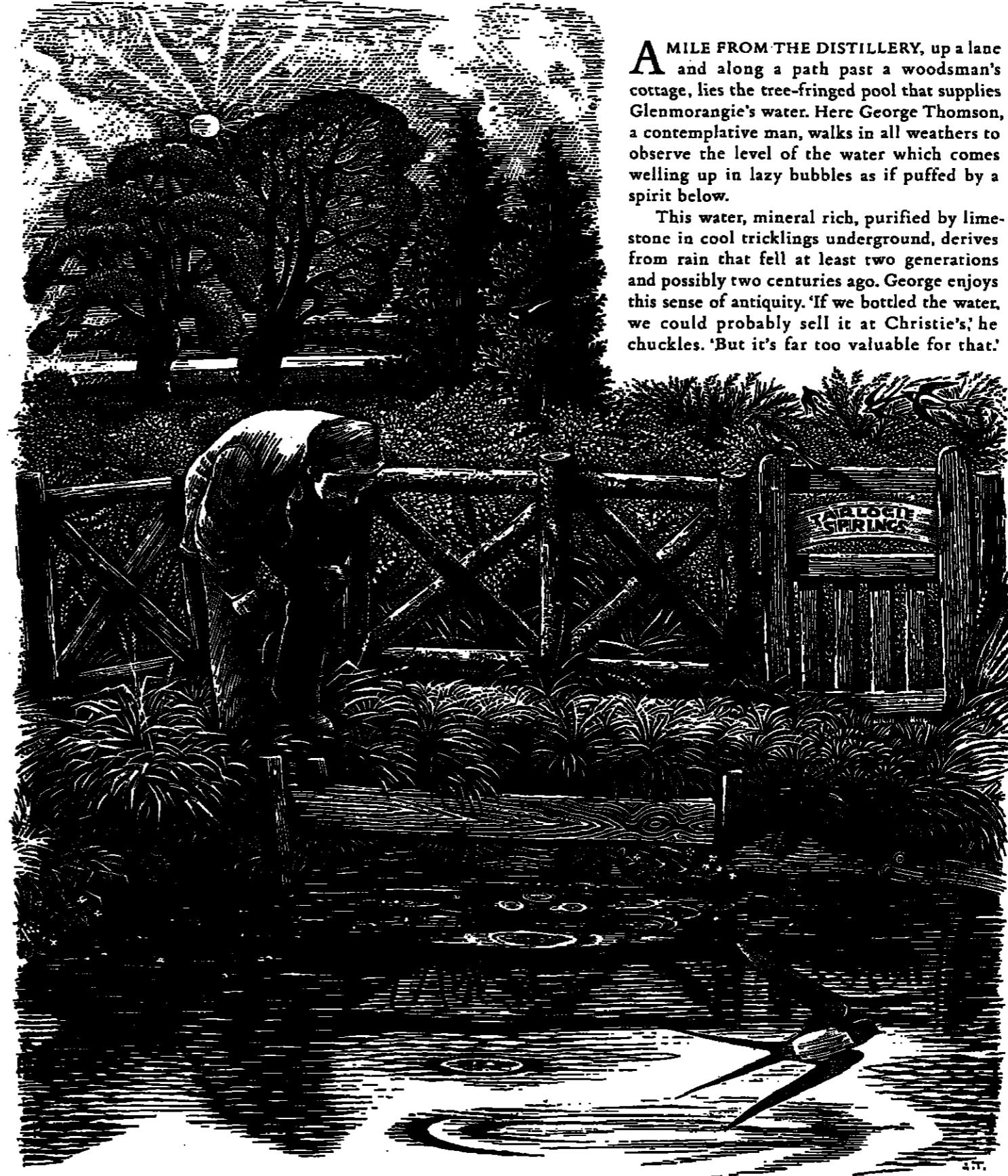
■ BA Airways flies direct to Funchal on Tuesdays and Saturdays for about £245 return, depending on the time of year.

Several companies, among them Thomson Holidays and Cadogan Travel offer inclusive deals which include flights and 7- or 10-day stays. A single room with a balcony and sea view starts at about £125 per day.

Lucia van der Post concludes our hotel series with a visit to Reid's in Madeira, a personal favourite

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TRAVEL

Merzbacher – the world's weirdest lake

In Kirghizstan, Giles Whittet buys a motor cycle and goes in search of a lake famous for its disappearing act

"Welcome to our sunny republic", chirps the poster on dehydration in the tourist hotel in Urgench, the town with the ugliest name in Uzbekistan. But Uzbekistan is more than sunny.

IN JUNE, at any rate, it is terrifyingly hot. The heat drugs you the moment you step out of the shade. To cool down, you have to heat up first by drinking tea, then sweat. There is often a wind but never a chill factor. It is like being in a fan-assisted oven.

Forgive me, then, for racing through the immortal cities of Bokhara and Samarkand on a night bus bound for Bishkek, the renamed capital of neighbouring, and very much cooler, Kirghizstan. I was meant to be slogging through the desert in the footsteps of an eccentric correspondent of *The Times* who walked this way in 1914. But he was tougher or madder than me. For the time being, I had given up.

Russian colonists used to escape the central Asian summer in the mountains behind Bishkek rather as the British did in Simla. But since the collapse of the Soviet Union, Kirghizstan's Russians have been returning to the Motherland in their thousands. Nikolai Shchetnikov, a geologist-turned-travel-agent belied only by his screw-topped metal briefcase full of vodka, is one of the minority staying on.

We were watching his video, *Holiday in Kirghizstan*, in his flat in Bishkek. An orange helicopter banked steeply over a glacier against a backdrop of bleakly beautiful mountains. It flew down the glacier past a series of dark triangular buttresses, each about 3,000ft high. Suddenly we saw a lake, filling the mouth of a neighbouring valley, pushing against the flank of the glacier, studded with icebergs.

"Merzbacher", said Nikolai, and pressed pause. Merzbacher was a German geographer who penetrated the Central Tien Shan several times early this century and discovered what may be the world's weirdest lake: 15,000ft up and extremely remote, the lower Merzbacher lake is held in most of the time by the second biggest glacier in the CIS. But every summer its ice-plug melts and in three days of furious gurgling it disappears.

It is hard to get to, but not impossible. Nikolai will take you there on a 16-day trip including high-altitude sightseeing by helicopter and some trekking for about £450 excluding travel to and from Bishkek.

I preferred to travel indepen-



Upper Merzbacher lake, 15,000 ft up in Kirghizstan. The lower Merzbacher empties itself each year

dently as far as possible, so we arranged to meet at a distant helipad.

To get there, I bought a motorcycle. Throughout the former Soviet Union the military police and many others ride motorcycles called Urals. Based on a 1946 BMW 650cc machine with spoked wheels and a sidecar, they have tremendous character but as much appeal as an ill-camouflaged camel. Mine was nearly new and cost £200. I called it Ural.

Ural and I were pulled over five minutes into our maiden ride. The policeman, checking the first English driving licence of his career, decently ignored the paragraph which says its holder may not ride a motorcycle. But his finger stopped at the word "Provisional."

"Professional, dad."

"Da." It was the first of countless checks, but the closest any Kirghiz traffic cop came to speaking English. More often, convinced of alcohol's warming properties, they would simply offer vodka or 96 per cent pure spirit.

The road passed another lake, far more famous than Merzbacher. This was Issyk-Kul, 100 miles long, ringed by snow-capped mountains and fed by 70 rivers (though none mysteriously flows out). It is the Lake Geneva in president Alayev's vision of Kirghizstan as the Switzerland of central Asia.

But it is somehow disappointing. Laurens van der Post wrote in 1966 of people still living nomadically and hunting with eagles on the shores. They don't now. Wide-boys and hypochondriacs come from all

over the CIS to its half-built concrete sanatoria. And mafoisi whose poppy-growing is no longer supported by the regime smoke, disconcertingly, tobacco.

Beyond Issyk-Kul, the road turned south up a wide alpine valley and the weather changed to snow. Herdsman retreated into round felt tents while their horses and the great red scree higher up turned white. At the pass, the arctic-looking Khan Tengri range came briefly into view, still 100 miles to the east. Lake Merzbacher was up there somewhere in the ice.

Then the road dived into a long, twisting canyon which ended at an almost deserted tin-mining town. Nikolai was waiting there with some Spanish climbers – his only dollar-paying clients of the year –

and a cauldron of ibex stew.

Where central Asia resisted Sovietisation, Islam, not mountains, did the resisting. In fact, the Russian enforcers of Soviet imperial rule seem to have relished defying geography in the highest, coldest outposts of their empire.

Enter the Mi-8, a five-rotored beast of a helicopter. Its orange Aeroflot paint-job is always streaked with soot from its two deafening turbines. It was the standard Soviet mountain helicopter for doctors, vets, engineers and climbers. Now it serves western heli-hikers too, at \$400 (£245.80) an hour.

It is king of the wilderness, operating from lonely roadheads up to a staggering ceiling of over 18,000ft. We flew 50 miles up the Iryschek glacier with the windows open,

landing on fresh snow amid yawning crevasses an hour's walk from Nikolai's base camp. The camp faced the awesome north wall of Pik Pobeda, the highest mountain in the Tien Shan. Behind the tents, a spur of rock rose steeply towards Pik Maxim Gorky, where some of Nikolai's protégés were in training for a climbing competition.

Lacking money, Russian climbers pay heavily for their thrills in both lives and frostbite. Four Siberians from Tomsk were recovering in the camp after a stormy ascent of Khan Tengri, a legendary marble mountain further up one side of the glacier which is said to glow pink on fine evenings. It seemed to take them three days to warm up, sitting like zombies in the dining tent in all the clothes they owned, picking

occasionally at the scabs on their swollen faces.

During this time I had a go at Khan Tengri myself, and was a mere vertical mile from the summit when my heart ("motor" in Russian) had had enough. Then Nikolai informed me that the three Siberians who could still walk (one had had part of a big toe removed with a pair of scissors but no anaesthetic) were to form my escort to Lake Merzbacher.

None of them had been there before, but Nikolai said the route was easy: descend the main glacier, passing its first three tributaries – glaciers Dikki, Komsomol and Proletarian Tourist – and camp under Pik Frunze Technical College. It would take six hours.

We left at 8am and were still going 14 breakneck hours later. By the end I was gasping like a bad actor and my "motor" was hurting again. I cursed the Siberians for being so fit after seeming so nearly dead.

There were three more hours to do next morning to the lake. Within sight of its icebergs we were stopped by an especially sinister and serpentine crevasse.

"How much longer?" I asked, unfairly.

"Forty minutes." The Siberians conferred on how to jump the crevasse. "No. Maybe two hours." We backtracked but still found no way through.

"Is it impossible?" I asked.

"It is possible, but this year...

maybe two days from here." Two days to do a quarter of a mile? We ate some bread and cheese and turned back.

Two days later the lake began to drain. I knew because by that time I was down near the snout of the glacier trying to take a mineral bath in a hot spring, but the spring was under 5ft of cold grey water surging angrily towards China. Here were tens of millions of tons of ex-lake thundering down an ex-Soviet canyon only to evaporate in a vast and uninhabitable desert, the dreaded Takla-Makan depression – Mars-on-Earth. It wasn't the lower Merzbacher itself but it was extraordinary enough, and cooler than Uzbekistan.

■ Nikolai Shchetnikov runs Dostuk Trekking from 42-1 18th Street, Bishkek 720053, fax: (910-7-3312)-223342, tel: (910-7-3312)-227471/414123. Ask for Vlada who speaks fluent English.

Giles Whittet is writing *The Cadogan Guide to Central Asia*, and a book about following in Stephen Graham's footsteps from the Caspian to Siberia.

Swaying across the shimmering plains

SX WHITE, black and tan wild dogs, the rarest and most endangered of Africa's carnivores, reluctantly rose to their feet and disdainfully stepped aside as we pushed into the thick thorn scrub where they were resting in the heat of the day.

For the first time in my life I felt quite invisible, my universally feared human form subsumed into that of the African elephant on which I was riding, for the dogs had no inkling of our presence. All they noticed were the great grey ghosts padding almost silently past. This magic was to be repeated again and again during our safari. For almost a week, I became an elephant. Even giraffes with small calves and notoriously grumpy lone bull buffaloes allowed us to come much closer than I had believed possible.

Sadly, the only animals it was necessary to avoid were wild elephants and we had more than our fair share of encounters during our five-day elephant-back safari from Abu's camp, run by Ker and

Dowell in Botswana's Okavango Delta.

Generally speaking, distant animals would be easily detected by the sight of Randall Moore, the owner of the three riding elephants, Abu, Benjie and Kathy. He accompanied us on foot and was armed in case of problems.

Twice, though, we were followed. On the first occasion a troubled Kathy repeatedly sent deep, rumbling growls far into the forest from her vibrating body; on the second, it needed two shots, fired over the head of a persistent bull, before he would retreat.

Each of the three adult elephants carried two passengers on its back, sitting in a mixture of saddle and play-pen with the handler or mahout riding astride the elephant's neck. From here the animals were controlled with verbal commands, prods from the bull hook and rewards of cattle nuts.

Once, when they worked themselves into a frenzy of fear over a non-existent danger and finally bolted with us on board, there was little Abu's handler could do about it, in spite of beating him over the head with the bull hook until its fibreglass handle shattered, sending the business end spinning into the undergrowth. The elephants simply came to a halt when they felt it was safe to do so.

Riding an elephant in these conditions was a little like sitting upstairs in a silent, invisible, all-terrain, open-top, double-decker bus driven by an ever-hungry, somewhat obsti-

nate and slightly unpredictable eight-year-old guided by calls and prods from the top deck. They are an ideal form

of transport in the intricate web of sandy islands and shallows, clear waters of the Okavango, for they are undeterred

African elephants are reputed to be impossible to train. But three of them carried Michael J Woods through the Okavango Delta – on their terms

by all but the thickest thorn scrub and the view from high on their backs is unsurpassed.

Our expeditions were enlivened by the presence of seven baby elephants, aged between

three and five, orphans of culling operations in Kruger national park, which turned each outing from a gentle walk into a foray with a gang of vandals, tearing branches

from trees, uprooting grasses and shrubs and generally leaving a trail of destruction behind.

When we walked along the channels which snake through the delta, the babies would indulge in serious feeding

by a little elephant, black and gleaming, which would bob up before slipping under again.

Now and then a spirit of abandon would overtake the babies and they would dash and beat the water with their trunks, throwing spray high into the air with great exuberance. Once, we came to a small mud wallow and this they could not resist, falling on to their sides and working their way into the dark morsass, or mud bath, over their backs and under their bellies.

The activities at Abu's Camp

are not restricted to elephant riding, and keen fishermen

may take a mokoro (a canoe pointed by a local guide) out to the water where the catches can be prolific. Game drives

are also on offer, and one afternoon I escaped with a driver and a safari truck to look for the wild dogs again.

After a two-hour search, we

came across them lying in

long grass and stayed with them as they began to grow increasingly restless, greeting one another and preparing for an evening's hunt. With the sun sinking in the sky, they rose as a group and trotted off to look for supper.

Ever the showman, on the last morning Randall Moore found it impossible to conceal his circus roots and treated us to a whole series of elephant film stunts, from mock charges to babies crawling through the sand. This together with the occasional need to fire over the heads of wild elephants and the slow acting sedative administered to Kathy after her nervous bolt on the first day, left me slightly uneasy.

On the other hand, I treasured the memory of riding with a slow, steady elephant

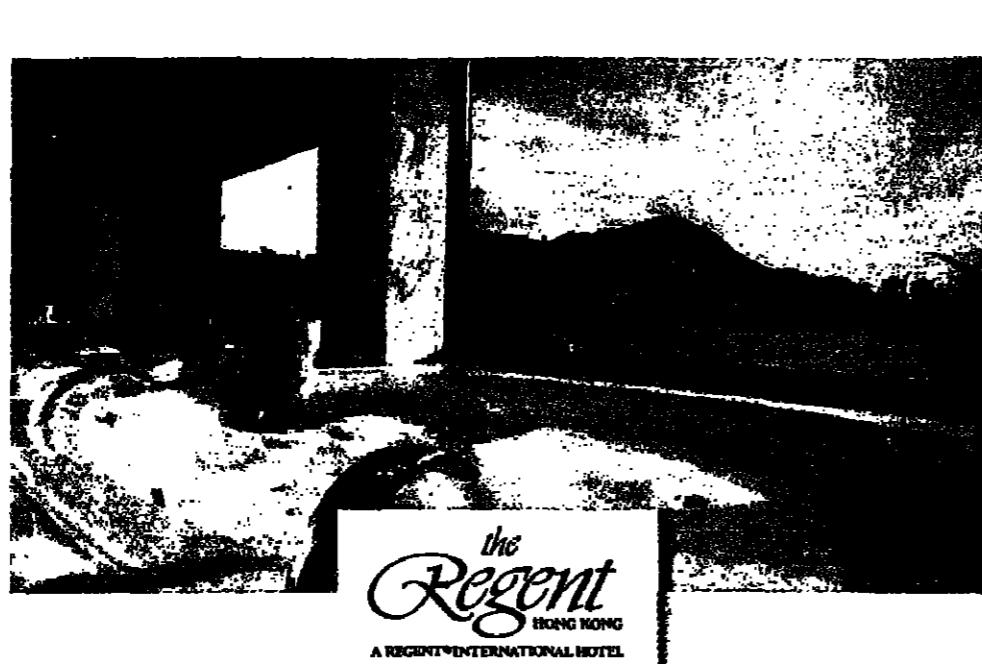
rhythm across a shimmering plain of waving golden grass, studded here and there with copper-leaved mopane trees

and bordered by a frieze of rustling lala palms, the light green foliage making feathery rosettes against the clear blue sky of the Kalahari winter.

■ Michael Woods' elephant-back safari was arranged by Twickers World, of 22 Church Street, Twickenham, TW1 3NW, 081-822-7606, and was run from Abu's Camp in the Okavango Delta, Botswana. The camp has en-suite facilities and includes such luxuries as a daily laundry service and hot water bottles.

Elephants make unstable platforms for photography, so keen photographers could combine an elephant-back safari with a stay at one of Ker and Downey's photographic safari camps in the delta. The winter weather is dry, pleasantly warm during the day but rather cold at night. Potential elephant riders should note that they will be required to sign a comprehensive release form, and agree not to sue, before being allowed to ride.

From London, elephant-back safaris cost from £3,037 per person for a total of nine days.



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The greatest show on girth

MOST SURVEYS that compare costs for business and tourist travellers put Tokyo at the top of the world league. But if you want to get a feel for Tokyo, there are a number of attractions that will not cost an arm and a leg. In fact, they are free. Two will entail getting up early, but what

Start with a three-mile walk around the Imperial Palace. Once on the perimeter of this green oasis you can walk round in perfect safety, as no public roads are allowed to cross the 265 acres. Even the subways are not allowed to pass beneath the Emperor's temporal home, which makes some subway journeys complicated.

A walk around the palace, anti-clockwise from the British Embassy, will reveal a microcosm of a city that has been dubbed the "safe monster." Reason: the chances of being mugged in

Tokyo is pricy. But some of the best sights are free, says Christopher McCooey

Tokyo are extremely slim. There is crime, but it is well-organised and disciplined (protection rackets, prostitution) and not random, confrontational and drug-related as in the US or, increasingly, some parts of Europe.

In any event, there are so many security police in the area that the walk can be made at dawn or dusk or at any hour of the day or night. The Japanese word for policeman is *omawarisan*, which translates, roughly, as "honoured Mr Plot," and their presence on the street and in their police boxes with a red light on top will reassure the faint-hearted.

On the walk, to your left, is the massive, impulsive stone walls of the Imperial Palace, overhung by gnarled pines; steep grassy banks fall away to the moat, which in winter is home to thousands of ducks from Siberia.

As you walk around, you go between massive guarded gateways and cross a great gravelled open space, something extraordinary to find in one of the densest conurbations on Earth. Its purpose remains the same as when it was designated four centuries ago, by the *shogun*, the supreme military dictator, as a refuge for when the unthinkable happens. Visitors could well experience an earthquake, though hopefully not one of the

magnitude of that that devastated Tokyo in 1923.

To your right is the National Theatre where *bunraku* (puppet theatre) and *kyogen* are regularly performed, and then the Diet and the ministries and the soaring and supposedly earthquake-proof buildings of the great trading companies. At dusk the contrast is striking: on one hand Tokyo's dark, dramatic past, with the Emperor hidden away; on the other, the confident dynamic future, with businessmen and bureaucrats in their office blocks and serried ranks of lights blazing.

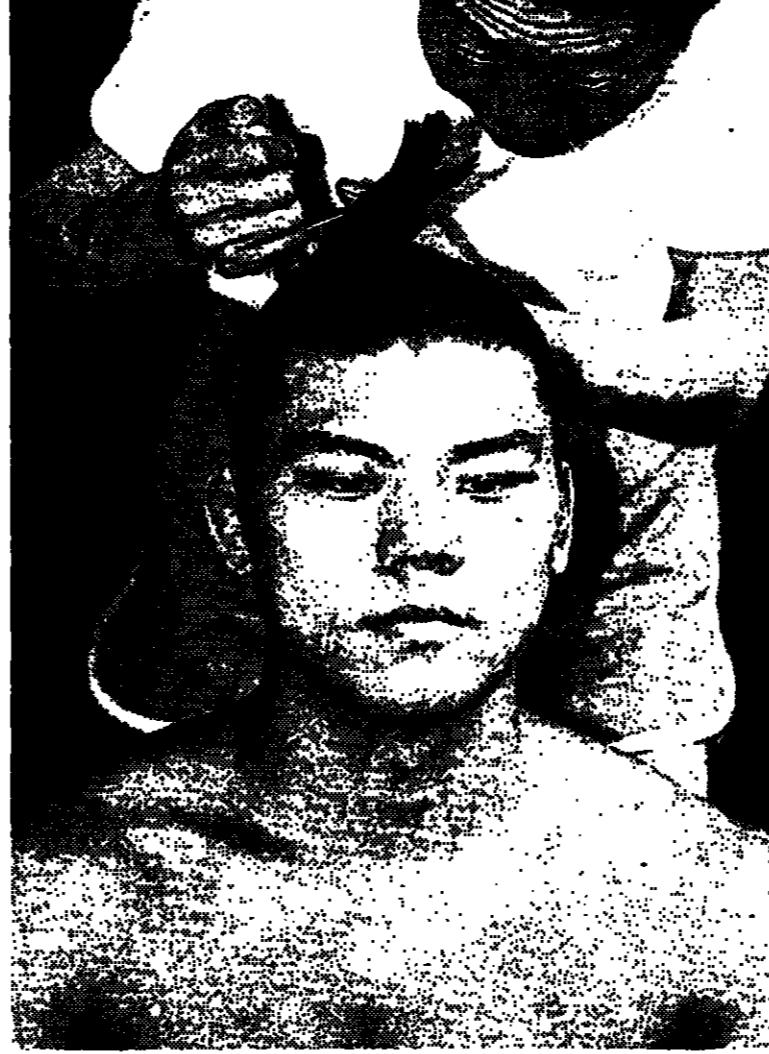
Tsukiji (pronounced *sue-ji*) is the world's busiest fish market, and is well worth getting up early for (or not going to bed). It is located on the waterfront south of the Ginza, where the Sumida river spills into Tokyo Bay. Most of the fish, however, arrives by road and rail, from all over Japan and abroad. Porters using yellow motorised carts or hand-pulled wooden barrows whiz the fish to the auction rooms and dealers in a cavernous, open-sided hall just inland from the waterfront.

On any one morning as many as 3,000 tuna fish, most frozen stiff and white-frosted, are laid out, corpse-like. Men move among them silently, shining torches, taking notes. The impression is of medical staff taking details of casualties on a battlefield. In reality they are prospective buyers checking for quality and assessing how much to bid at the tom auction.

A fresh 6ft tuna can sell for as much as ¥4m (£20,000), which helps explain why Tokyo heads most "expensive city" lists. (For the cheapest and freshest sushi in Tokyo, breakfast with the porters and mongers at one of the numerous bar restaurants adjacent to the fish market.)

The spruced-up fish-mongers use samurai-style knives to slash the bones of the fish from the flesh at extraordinary speed while yelling to potential customers. In the manner of market traders worldwide, porters engage in banter with everyone, particularly foreign visitors. There is all manner of marine life here, and death. Eels have their throats cut and are then dumped in tin buckets to thrash around in their death throes; mottled stone fish sink in tanks and grotesque sea slugs await a happy eater; *fugu* - the deadly poison fish that can only be prepared by approved restaurants - blow themselves out in an apoplexy of indignation when a customer seals their fate.

Further up the Sumida river is Ryogoku, where the sumo wrestling hall and museum is located. Most of the



Anything else, Sir? A sumo wrestler and his hairdresser

sumo stables (the hostels where the wrestlers live and train) are located nearby. When the wrestlers are not on the road - there are six 15-day tournaments a year, three outside Tokyo - you can watch the greatest show on earth, for the daily training sessions are open to the public.

Most junior wrestlers enter the clay ring first at about Sam. They are naked except for a coarse cotton loincloth and they perform bending and strengthening exercises before crashing into each other in practice bouts. Life for the lower ranks is Spartan not just because of the strict training discipline but because they are obliged to act as servant-slaves to those above them. Those that make it to the top, like the 40-stone Samoan, Konishiki, enjoy superstar status. The senior wrestlers waddle into the ring after Sam.

Most of the stables have their own hairdresser who combs the wrestlers' hair into the distinctive top-knot every day. One of the most lingering memories of a trip to a sumo stable may well be an olfactory one, rather than the brute force on display and the rituals of a centuries-old sport. The oil that wrestlers use on their hair is a mix of waxes and oils, some of which are so strong and unpleasant that they have to be disguised by aloes-wood perfume.

No oiks or Hoorays

IT SEEMS to me that relaxation on holiday is next to impossible if one cannot get off with fellow travellers. Who could enjoy a Caribbean strand if the beach bar were full of oiks swilling lager? How many skiing holidays have been made anxious by a careless chalet mixture of Hoorays lavishly employed in merchant banking and salaried civil servants anxiously counting their francs?

The big barrier that companies that sell camping holidays have to cross with first-time punters is the psychological question: "Who else goes camping?" Cut-reaction and historical prejudget tend to suggest a mixture of the indigent and hunk-clad fresh-air fiends. Rumours continue to filter through that French camping is different, but it could just be good public relations. With four children under 10 who would willingly live on the beach if I knew it, I was at Camping de la Plage, just outside La Trinité-sur-Mer, in southern Brittany. But who else was there?

Even the answer, and subsequent Theory of Continental Camping, owes everything to the curious British practice of labelling car registrations with a letter revealing the vehicle's age. Adjacent to virtually every tent or caravan seemed to be a Volvo or similar respectable saloon with an E, F or G on the number plate: cars four and five years old.

Where were the brand-new Sierras, the pristine Vauxhalls, the solid Rovers, with only 15,000 miles on the clock? In short, what had happened to the company vehicle? My new-found tennis partner, the Rev Henry Whyte of Kingston, Surrey, (C registration Volkswagen Passat estate), confirmed my observations. Company man was not a camper.

These were families where the bread-winner was self-employed, a partner in professional practice, or in jobs such as teaching - people of modest affluence, smart enough to buy a good car but not daft enough to suffer the punitive depreciation on a new one.

They were also extremely good company. Sitting next to a chap for an hour while one's toddlers explore the gravitational mechanics of the playground slide, a good deal of ground gets covered. Statistics

from Eurocamp confirmed my own evidence that three-quarters of their customers are on a second or third visit.

French camp-sites provide a matchless environment for small children. Enclosed with a pool, playground, companionship and usually adjoining a beach, they provide a context in which the big parental decisions are whether to eat out or light a barbecue.

It may be fair to say that the tents, large and permanently-erected, are designed to make the experience as comfortable as possible. Yet somehow a tent does not make the kind of demands that even the most modest house can impose.

Having twins still short of their second birthday, our family opted for a mobile home rather than a tent, on the grounds of easier washing facilities and wall-proof walls.

Keith Wheatley and family enjoy a French mobile home holiday

With double doors and picture windows, it came close to the ideal of outdoor living.

It might not be the average adult's perfect holiday, for it lacks even the minimum sophistication that makes everyone occasionally buy unsuitable clothes or pick up *The New Yorker* at airports. But people shrewd enough to buy those cars are probably going to escape by themselves - minus children - later in the year.

Keith Wheatley holidayed at La Trinité-sur-Mer c/o Eurocamp, 28 Princess St, Knutsford, Cheshire. Tel: 0565-633844. Eurocamp quotes prices which include camp-site accommodation and return ferry crossing. Until December 21, an early booking offer for 1993 is available, mostly at 1992 prices. Example: Two adults plus car (tent, 14 nights): £255-2719, depending on season; extra adult: £62-£86; each young adult (14-17): £30-£60; children under 14: generally free, except in high season; additional or fewer nights per party: plus or minus £8-£38; mobile-home supplement per night per party: £15-£22.75.

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PROPERTY

Flat owners roll out the welcome mat

Disaffected leaseholders will soon, it seems, have something to celebrate. Legislation going through parliament will give many of them the right to own their properties outright.

The Housing and Urban Development Bill, which amounts to a radical shift in power away from freeholders, passed its second Commons reading earlier this month in a blaze of controversy.

Advocates such as Sir George Young, housing minister, said it will abolish a "feudal and unstable" leasehold system. Backbench critics described it as a Robin Hood Bill, which gave leaseholders the right to rob their landlords.

Under the legislation, which is due to become law next summer, many landlords will be forced to sell their freeholds. Of the 750,000 leaseholders expected to benefit from the new law, many are flat owners who live in London and on the south coast. But the law will also embrace relatively expensive houses, mainly in central London, that were excluded from leasehold enfranchisement legislation in 1987.

The logic behind the legislation is twofold: it will tackle the problem of wasting assets and it will give leaseholders more control over their property.

The predicament of wasting assets arises because lenders are loathe to grant mortgages on properties with leases of less than 70 years. That makes them, in effect, unsellable. This problem is intensifying because large numbers of houses began to be converted into flats with 99-year leases during the 1980s.

Equally important is the proposed shift in power towards leaseholders, who complain they have limited rights over their property despite having paid a full price for their lease. "It is unfair that a £500 freehold exercises control over a £100,000 flat, giving leaseholders all the obligations of ownership but only the limited rights of tenants," says the Enfranchisement League, one of many pressure groups that has urged reform.

Specifically, the measure will allow flat owners to take the management of their property into their own hands. Previous attempts to give leaseholders more control over the management of their property, such as the Landlord and Tenant Act 1987, have largely failed. Leaseholders have often found themselves powerless when they are faced with landlords and managing agents who are negligent or corrupt.

More controversially, leaseholders may gain financially from enfranchisement. Critics of the new legislation argue that leaseholders will be able to buy their freehold too cheaply, a claim hotly denied by leaseholders. The Grosvenor Estate, the owner of much of London's Belgravia and Mayfair and a vocal opponent of the Bill, believes that leaseholder's windfall gains could be as high as £100,000.

Disputes over price seem inevitable. But

worth more than the combination of the landlord's and tenant's interests. Third, the landlord's costs and compensation for any potential gains lost by the forced sale.

There may be an additional boost to property values as a result of enfranchisement. Robert Orr-Ewing of estate agents Knight Frank & Rutley, said: "In the early days, a freehold flat will have a rarity value which will earn a premium."

Values may be enhanced, even if a lease-

some leaseholders. The Commonhold Flats Campaign, a lobby group, says that the government proposals will only help 38 per cent of long leaseholders. (That said, in many of the cases where long leaseholders cannot enfranchise, they may be able to extend their leases).

Leaseholders will only be able to enfranchise if 90 per cent or more of the floor-area is residential, if two-thirds of the flats are on leases of 21 years or more and if two-thirds of those flats vote in favour of enfranchisement. Moreover, the ground rent must be less than two-thirds of the rateable value if the lease was granted before April 1 1990 or less than £1,000 in Greater London or £250 elsewhere if it was granted after April 1990. The aim is to exclude people who are renting rather than leasing.

Exemptions include properties owned by the Crown, charitable trust housing already let at a discount and conversions with four or fewer flats, one of which is occupied by the landowner.

In any case, the new law will not be a panacea. Flat owners in large blocks of flats may well find it difficult to agree on repairs and service charges amongst themselves. "In some cases the lack of profes-

Vanessa Houlder looks at legislation which will shift power from freeholders to leaseholders

unless the Bill is changed in committee stage, the basis for calculating the cost of enfranchisement will be three-fold.

First, the open market value of the property, which is calculated by capitalising the value of the ground rent. Second, at least half the "marriage value" of the freehold and leasehold interests. The marriage value arises because the whole is worth more than the sum of the parts. Freeholds with vacant possession (which may have, for example, development potential) are

holder does not take advantage of the new law. "Many purchasers of short leaseholds in the future will be investors looking for added profit through the prospect of enfranchisement," says estate agent Savills. It believes that prospective gains will depend on location. Marriage values in prime areas will be lower than in non-prime areas, because short-lease values hold up more strongly when purchasers do not need mortgages.

But the new law is bound to disappoint

Yorkshire peaks and troughs

THERE ARE not many buyers in the Yorkshire Dales these days, but this does not seem to be getting through to those owners who have been chasing the market downwards for the past three years. There are few country houses in Yorkshire worth more than £2m, but this does not stop people trying to get more.

Earlier this year, the Marquess of Zetland thought he had found a buyer for his Copt Hewick Hall estate near Ripon. He had been asking £2m for his 13-bedroom Regency house standing in 88 acres and he accepted an offer, only to have the buyer pull out. Anxious to find a buyer before February 1993, when he plans to move to the Zetland family seat, Aske Hall outside Richmond, North Yorkshire, the marquess reduced the price of Copt Hewick Hall to £1.25m.

"That is an extremely attractive price and I am quietly confident that we will sell the property by Christmas," says Johnny Jackson, of J H Jackson & Co at Boroughbridge

(0423-323171). Joint agent Henry Holland-Hibbert, of Lane Fox in London, confirms that there has been interest from overseas and the UK – but as yet no buyers.

If Copt Hewick Hall cannot attract a buyer at £1.25m, what chance does David Aykroyd have of finding one for the Priory at Nun Monkton, near York, for which he is asking £4.5m? That price was placed on the property in June 1991, and still holds today.

"I agree that it is an extraordinary price," says Johnny Jackson, this time joint agent with Strutt and Parker in Harrogate (0423-561274). "But we have had several people interested in buying the whole estate, as well as those who just want to buy the main house."

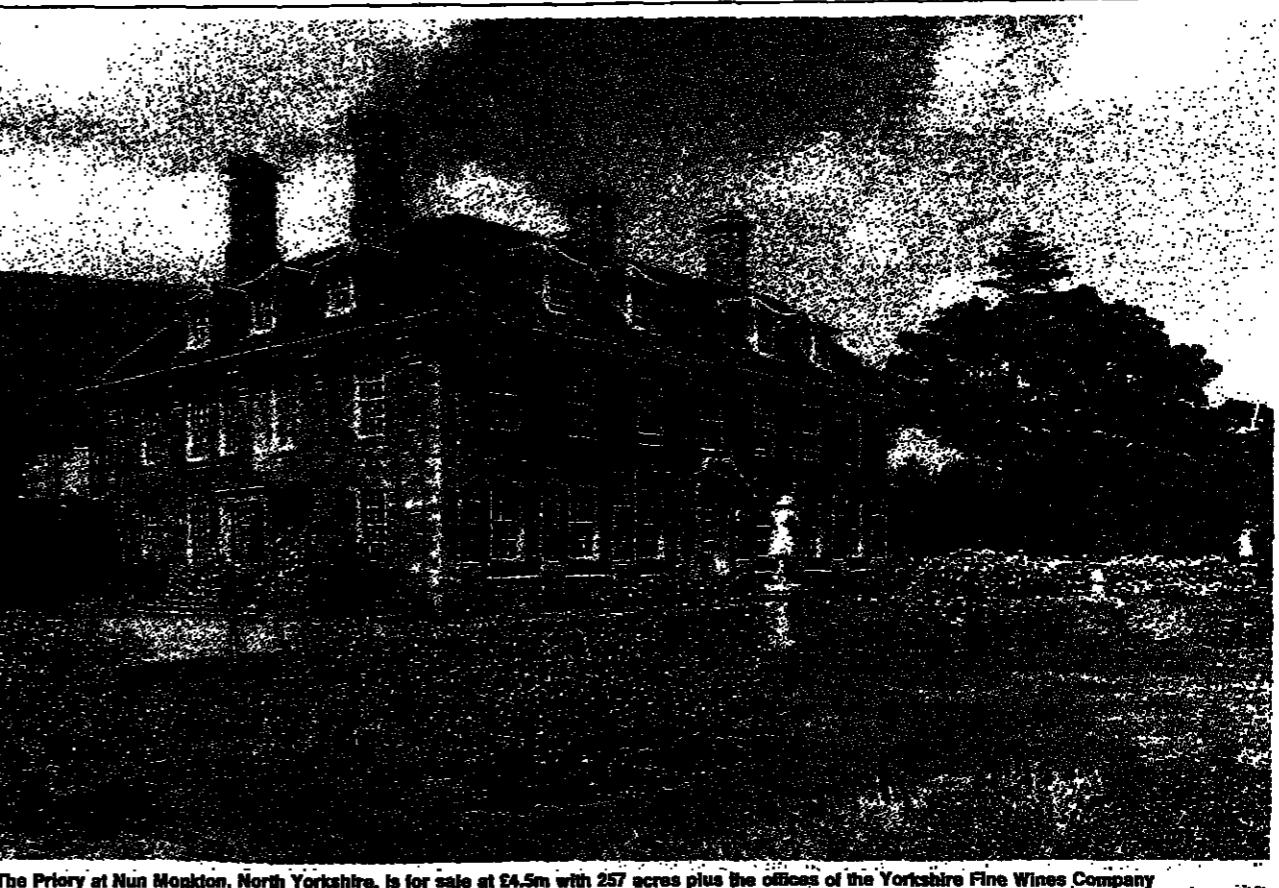
The reason the Priory is so expensive is that it is not just a magnificent William and Mary house, built some time between 1660 and 1690 and listed Grade II*. Nor is it because it has 257 acres of farmland and parkland. It is because it represents the perfect property for a business-

man – a beautiful house with offices and warehousing in beautiful grounds.

David Aykroyd inherited it from his father, Colonel George Aykroyd, who bought it in 1948 for £25,000. The 11-bedroom house has been restored and remodelled internally under the architectural supervision of Sir Martyn Beckett. In 1987, David Aykroyd built 5,000 sq ft of offices on the grounds in the form of a traditional English house designed by Malcolm Tempest. Next to this he created 23,500 sq ft of warehouses in traditional materials. The offices are let to the Yorkshire Fine Wines Company, which David Aykroyd used to own until he sold it to Elbendum Wine of London.

The Yorkshire Fine Wines Company occupies the offices and warehouses on a 25-year lease from 1987 at a rent of £29,307 a year, with upward-only rent reviews every five years, the first of which is due on November 23. It is this commercial element that accounts for some – but not all – of the Priory's £4.5m price.

Michael Hanson

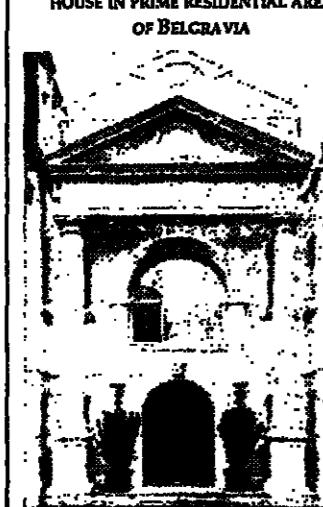


The Priory at Nun Monkton, North Yorkshire, is for sale at £4.5m with 257 acres plus the offices of the Yorkshire Fine Wines Company

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GARDENING

Wild and wet November reveals its glories

THE MOON has been scudding wildly above the spires of Oxford: everything is once more remarkable and received wisdom is being turned upside down by its light.

In mid-November gardeners are supposed to be losing heart. If you believe what you read, you should be returning to gloom, cutting down the borders and wondering how to aerate the lawn. Nobody has a kind word for the season until it is time to write about catalogues. This year, however, the school of garden gloom has got it all wrong.

Naturally, *FT* readers do not believe all they read: go out there and check it, take the scissors and look carefully. Gloom is not the word for it. The past fortnight has been wonderfully mild and wet, providing us with pleasure which I last remembered on such a scale in 1976.

Spring-flowering plants, late flowering climbers and shrubs which ought to know better are opening their buds and still showing colour.

The primroses are enjoying a post-prime; violas are ignoring the calendar; many of the roses have new buds long after the season.

According to the books, the only certain flowers for every gardener in November are universal pansies. Pansies may be creeping up on us, but these late encroaches in a garden are an opportunity.

Wherever you see flowers or colour, cut them and bring them

indoors. Inhibitions are irrelevant. During the high summer, I pick flowers with restraint, absurdly anxious that I will leave a noticeable gap if I take too much from the main plantings.

I hold back, tell myself to economise among profusion and never take an unopened bud. In November, the game is quite different. Flower-picking becomes like shopping: when the windows have been smashed and the government has fled.

Robin Lane Fox has been picking all the flowers he can lay his hands on

Whatever you leave behind, nature will soon take it instead, sending frost or a storm to ruin it. For some weeks now, the weather has been as changeable as the high seas so nothing can be risked or left to its mercy. Whatever flowers appear end up inside the house: I have even been picking my best successes of this autumn, the pink schizostylis which open wonderfully if the stems are picked in bud.

From the window, all may look ravaged, quite unlike the experience which I am reporting. Look closely, and you will be amazed what is lurking among the leaves. In less than an hour, I have picked some crazy mixtures of spring and autumn, pinks, blues, whitened against a backdrop of the pearl-pink

first scented mahonias of winter, sprigs of the tireless winter Cherry and some faded buds from Rose New Dawn.

Rosebuds are wonderfully suited to late picking because they will open fully in a warm room if picked with the faintest flush of colour. Indoors, heating does the work of summer: I find that my favourite apricot-yellow climber, Lady Hillington, is second to none for its late scattering of buds which can be brought on under shelter.

At this late season, whoever would expect pinks and double primroses, spring-flowering viburnums, perennial wallflowers, clouds of the low-growing gypsophila or yellow potentilla in its herbaceous form called recta?

The connoisseurs' oldie among chrysanthemums has also come

berries which are better than ever on the sorbus trees.

In November, a ceanothus has no right to be covered in buds, but the last fortnight has brought my Tewishen Blue into yet another covering of flowers. This variety continues to grow furiously up an exposed south wall but these flowers are best taken indoors before November remembers its bad manner. I have been relishing the paradox of these blue flowers from spring among the

Pale peach flowers on the Crannmore Pool variety have lasted

indoors for more than a week among great bunches of double illici. The admirable small' perhaps have never stopped flowering in their charming shades of sky-blue and white. Their small evergreen bushes make a pleasant edging for borders, although nothing seems to exploit their quality. With me, they have survived all frosts in the last five years.

Spring-flowering Viburnums in November are a supreme conceit, yet they are showing this year while their autumn relatives are flowering madly in pepper-scented shades of pink and white. Heads of Viburnum carlesii smell even better in November among small bunches of musk roses, pink Salicis or the white Prosperity.

As the air is so cold, the scents of these flowers are far stronger than in July. As backing, I have been using the clouds of tiny white daisies on the connoisseurs' favourite low-growing Aster, the one called *Lateriflorus Prince*, the dark little leaves of which are notable throughout the summer.

The connoisseurs' oldie among chrysanthemums has also come

into its own. First flowered Emperor of China won a first class certificate as long ago as 1888, but nowadays critical gardeners may well wonder why. The leaves turn to strong beetroot red, but the flowers are thin and straggly, whatever the conservation plants people like to claim in their favour.

At the last of this season's flower show, even the nurseries could not show this old variety in any better shape. The answer is to pick



The chrysanthemum: an autumn favourite

it, not show it. Small vases of its pale pink flowers have the hazy delicacy of a Fantin Latour painting. Buy it for this purpose and put it out of the main sightline where you can ignore it until its mid-November picking.

Indoors, these details show up and individuality can be loved. Outdoors, November's "antis" do have a point. This year, the young wallflowers are almost all of a miserable size for bedding. Because the cold and wet weather hit them

at just the wrong point in the summer. Accompanying flowerbulbs have now soured by 15 per cent in price to cope with the pound's collapse in Holland during this planting season. Spring bedding has never been so expensive, but late autumn bedding has never been better. Adjust to November's encores, pick them without mercy and if it does not freeze all winter, we will need far fewer of those hyacinths at ever higher prices.

ing but not able to consider the meaning of a sentence. There are, of course, no such shortcomings with Graham Thomas's book, for he is too meticulous an author to allow anything like this to happen.

His is a volume of 585 pages giving a comprehensive account of hardy and nearly hardy shrubs and climbing plants - and a very adequate one of bamboos. It is clearly organised and should have a prominent place in the libraries of gardeners. His illustrations are from his own photographs, flower paintings and line drawings - a marvel to consider for Christmas. Either book would make a handsome gift for any keen gardener.

Arthur Hellyer

A beautiful but neglected plant

A FEW years ago most of my bamboos flowered and then died. To be more accurate, I presume they flowered, for I know of no other cause for their sudden extinction and, bamboos often - though not invariably - die after producing flowers. But their flowers are small and I did not notice them. I was only aware of trouble when the plants began to fall.

Now comes a fine book, *Bamboos* (Batsford £19.99) by Christine Recht, with fine colour photographs by Max F Wetterwald, to throw light on these beautiful but neglected plants. It arrives directly after another book, written and admirably illustrated by Graham Stuart Thomas, entitled *Ornamental Shrubs, Climbers and Bamboos*.

(225, John Murray), an excellent encyclopedia. But Recht's book clearly has scope to deal with just one subject in greater detail. Do not expect them to agree altogether on names for the genera and species, because accurate identification depends largely on flowers and bamboos flower very irregularly - sometimes not even once in 100 years - so it is difficult for botanists to obtain material to confirm their studies. This need not deter anyone from planting bamboos which are, in general, beautiful and easily grown plants, some of which are small enough to be planted in

tiny gardens or in containers. Recht has a lot to say about the cultivation of bamboos, which are happiest in moist soil and semi-shady places. A goodly number of species and garden varieties will be found in nurseries and sources of supply can be traced via *The Plant Finder*, a book which makes things easy for gardeners.

It is not always understood that bamboos are related to grasses. They are the tree and shrub members of the enormous grass family. They are all evergreen. They spread, sometimes rather too freely for comfort, by creeping roots

known as rhizomes but can be fairly easily restricted by chopping them back with a sharp spade. Detached portions of the root can be replanted elsewhere if desired.

Nearly all the wild bamboos come from Asia. In Chinese art bamboo represents the male element - the yang - in contrast to the softer female element - the yin - of flowers such as the chrysanthemum or plum blossom, two favourites with the Chinese.

These are all matters that are dealt with in detail by Recht. Both text and illustrations give many ideas for planting.

When grown in containers they need a good rich soil, a John Innes type of mixture rather than peat, unless they are fed regularly and generously. Most plants are sold in containers from which they can be moved at any time of year. Recht recommends spring planting because new root growth is strong and the plants can become well established by midsummer.

Spring is also the best time for plants moved from open ground, whether from nursery to garden, or from one part of the garden to another. Any newly transplanted plants must not be allowed to suf-

fer for lack of water. Bamboos make a lot of leaves and are thirsty plants.

Bamboos differ in size, leaf shape and the pattern and colour of their canes. There are varieties with variegated leaves, such as golden striped *Pleioblastus viridis* or silver striped *P. fortunei*, and there also kinds with coloured canes, such as *Sinarundinaria mitschii*, in which the canes are deep, purplish grey.

I have nothing but praise for *Bamboos* - except for the proof reading which seems to have been done by a machine, checking spell-

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PERSPECTIVES

Dying for a drink? Then die if you do

MOSCOW. Alexie is dying for a drink. Vodka, perfume, chemical fluid - the hardened alcoholic has drunk every possible liquid that ignites. But now, he would not even think of taking a sip of wine, even if his life depended on it.

Alexie Rogozhin thinks his life does depend on it. Last week, a drug was sewn under his skin, which, he is convinced, will kill him if he drinks any sort of alcoholic beverage. The treatment is administered to desperate alcoholics. Fear of death becomes the only way to prevent them reaching for the bottle.

Of the thousands of Russian alcoholics who seek treatment in state-run clinics each year, Rogozhin is one of about 5,000 patients who receive one of two drugs designed to control the disease.

The first, Esepal, comes in 10-tablet form and is sewn under the skin near muscle tissue. A milder liquid version, dubbed the "torpedo", is injected intravenously.

Both stay in the body five to 12 months and remain inactive until alcohol intake. The widely administered drugs in Russia cause an allergic reaction if alcohol is consumed. If the alcoholic does drink, exacerbating pain results. Ultimately, doctors say, the allergy

can have fatal consequences.

Although the method is highly controversial treatment at Moscow's Narcological Hospital No 17 seems to work. "I don't drink anymore, because I know it will kill me," Nikolai, a lanky 42-year-old engineer, explained seated on a bench at the clinic. A near-death experience has convinced him that a torpedo is no laughing matter.

Nanette van der Lann reports on a deadly treatment for Russia's drinkers

At a different hospital four years ago, Nikolai was given an injection by a doctor which made him "die". "I could hardly breath anymore and I got incredibly hot," he says, turning red just thinking about it.

The doctor resuscitated him and told him that next time he drank the same would happen to him, only there would be no one to bring him back to life. "It worked," says Nikolai, proudly pointing to his mouth.

"For the past four years, not one drop has passed these lips."

Rogozhin, too, has not come near liquor in a year. "I once

sniffed at a glass of vodka and it made me sick right away," the actor says. "I'm cured for life. I can't remember the time that I wasn't drunk every day. I even ate bread drenched in shoe polish. If you leave it on the radiator overnight, scrape off the cream and eat the bread, you can get a buzz," Rogozhin smiles. "But those days are over," he sighs. He pulls a document out of his wallet, which testifies that he has an Esepal and that he is aware of the possibly fatal consequences. He points to his stomach and says: "There she is, right there."

Alcoholism has been called Russia's most serious ailment, and for many kicking the habit is basically impossible in a country where not raising your vodka glass at dinner is perceived as an insult to the host.

According to official reports, 14 out of every 1000 people in Russia are alcoholics. Aleksandr Sergeyev, deputy chief of the clinic, believes the actual number of cases to be much higher, however. Although he has no statistics, he judges 60 per cent of the nation to have serious drinking problems.

Although patients do get ill, no one has died from torpedoes or Esepal, said Sergeyev. He added that over the past 10 years 200,000 alcoholics have been treated at the clinic. Every fourth patient received a

torpedo. What happens at private clinics, however, he says, is uncertain. "If a patient dies, then it is because of alcohol misuse of course, not the drugs we give them," Sergeyev concluded.

Sergei Golovin, a psychiatrist at hospital No 17, does not approve of the drug. "It is bad to stimulate fear and I discourage the use of medication to treat alcoholism, but it is up to

the patient to decide how to deal with it. We only give torpedoes or Esepal to healthy people. If a patient has a bad heart, we would not think of it."

Vladimir S., who considers himself to be an alcoholic although he has not drunk in three years, calls torpedoes and Esepal "barbaric".

"The drinker simply fools himself, it's crazy," says Vladimir.

He believes the Alcoholic Anonymous program, introduced to the clinic by a group of Americans last year, is the only sensible way to treat the disease.

"This sort of thing is condemned in the West and with good reason. An alcoholic with a torpedo simply counts the days until the drug wears off and then he starts drinking again, and harder. Although it

may keep someone from drinking, ultimately it is not a real way to treat the problem."

Ryastoslav Prochorov, a counsellor at the clinic, is cynical, saying that drunks are smart and will not even be deterred by death. He clicks his thumb and middle finger against the side of his throat, the Russian gesture that means "drunk".

"Russians enjoy drinking,

it's our national pastime," he states matter-of-factly. He says he can cite many cases of "sew-up" alcoholics who simply took a bottle to the entrance of the clinic and drank there knowing they would be treated if things went wrong.

"After all," he says, "neither the prospect of death nor anything else can keep a Russian man from drinking."



The controversial and potentially deadly treatment at a Moscow clinic for alcoholism

THE British Council, the UK's cultural diplomacy outfit, has long been portrayed as a bunch of ineffectual amateurs promoting decadent pursuits abroad. There is unlikely to be much of an outcry, therefore, over cuts in government spending announced in this week's Autumn Statement which threaten to curtail the council's activities.

That will surprise many in eastern and central Europe, where the council is playing an important role in the transition from communism to capitalism. Amid all the gloom over the UK's diminishing role as a world power, there is a high regard for the old bulldog in the former Soviet bloc for which the British Council can take much of the credit.

In Czechoslovakia, the council could operate throughout the communist period only as the cultural section of the British embassy. After the velvet revolution in 1989, the council expanded its activities, aided by resources provided by the Foreign Office for former Soviet bloc countries.

"There was a pent-up hunger for the sort of cultural contact

Britain trims its wise council

John Willman on a UK agency respected abroad but forced to scrabble for money at home

with the west after years when such contacts were disapproved of," says the UK ambassador, David Brighty.

The council moved out of the embassy and into offices in the centre of Prague which used to house the East German trade mission. These, refurbished and equipped with the latest technology, establish a "public presence that flaunts itself, an excellent shop window for Britain", says Brighty.

When Vaclav Havel, then president, opened the new centre in April, he recalled that in his childhood, his mother's twice-weekly nights out at British Council events in pre-communist days had been the highlights of her life.

Milos Bruncik, now the Czechoslovak news agency man in Bratislava, also has fond memories: "I was at a British Council lecture in 1948 which broke up when a boy burst in to warn us that the

secret police were parked outside," he recalls. "Most of those present slipped out of the back door to avoid harassment, but I escaped by linking arms with two formidable English women who worked for the council and walking out through the front door - I assumed I was British."

In Czechoslovakia the council has seven resource centres in provincial cities to underpin the teaching of English in schools. These offer books, tapes, videos, teaching aids, information on examinations, courses and advice for teachers. Specialists are seconded from the UK to train the thousands of new English teachers who are needed, and to retrain Russian teachers whose skills are redundant.

The council is also a channel for development aid from the Know-How Fund, a programme for developing the skills of budding capitalists and democ-

crats. These range from bringing top managers over to study business in the UK to helping create sustainable management training institutions in Czechoslovakia.

But why should the people of this central European country, of which those in Britain famously know little, want anything to do with a second-rate fading offshore island?

After all, there is little doubt over who is the regional power at the heart of Europe, as the flood of German tourists and businessmen crossing the Czech border attests.

The answer appears to be that the Czechoslovaks are reluctant to become a mere appendage of their powerful neighbour. Bill Jefferson, the council's man on the ground, says there is stiff competition for further council centres between mayors who offer prime sites at peppercorn rents to see the Union Jack flying in their towns as a rejoinder to the power of the D-mark.

There is also an interest in British arts and culture which the council meets through the customary programme of cultural exchanges and visits - such as a much talked-about tour by the Royal National Theatre 18 months ago. Ironically, the tour was sponsored by a Japanese bank Nomura. Council revenue from sponsorship has risen from \$1.7m to \$5.5m since 1990. More than \$40m, around 10 per cent of total income, comes from the fees charged for English language teaching.

There are other sources of income which the council has become adept at tapping, such as contracts for development work from the World Bank and

the EC. But the government grant and contracts for UK development aid provide the bulk of the income, and both are threatened.

The smoke has not yet sufficiently cleared from Thursday's Autumn Statement to discern whether the council will face immediate cuts in either grant or contractual work. However, there are cuts in future years' spending plans

which could threaten its role in some of the 30 countries it now works in. The impact of this week's direct cuts is at a time when the disintegration of the Soviet empire has created some 20 new countries, all needing encouragement through the transition to democracy.

But there is also the slow-burning fuse of the government's market-testing pro-

gramme. This requires the Foreign Office's Overseas Development Administration to put out to tender development work currently done under contract by the council.

John Hanson, the council's new chief executive, is confident that it will win most of those contracts. But already the council has lost some to outside competitors. As Sir Martin Jacobson, the retired

banker who chairs the British Council, puts it: "The loss of a contract can mean losing critical mass in a country. And once you have had to withdraw from a country, you will be seen to have turned your back on it forever."

The example of Czechoslovakia is particularly apposite. After the communist coup, the restrictions on its operations might have led the council to cut its losses and write off this Soviet satellite. If that had been done, the contacts and influence which have made British aid and bridge-building so effective since the return of democracy would have been much harder to re-establish.



Fishing/Tom Fort The premier pastime

EVERYONE NEEDS a hobby, a consuming but trifling means of escape from work, career, decorating the house, staring lugubriously at the bank statement and other necessary but uninspiring aspects of life. Without such a passion we become dull and stale.

This applies as much to politicians as to anyone else. One of the more dispiriting characteristics of the current breed is how hard they all work, and how little interest they seem to have in anything else. If the health and happiness of the nation increased in proportion to the hours devoted by Cabinet ministers to their papers, we would now live in Nirvana. But we do not, so the whole approach is obviously flawed.

I am aware that prime minister John Major loves poring over the cricket averages and cheering on Chelsea football club. But that is insufficient and far too passive. He should beware the example of his hobby-less predecessor, who might have done well to take up hot-air ballooning or clay pigeon shooting. At least Edward Heath had his sailing and tim-

king at the piano, while Harold Wilson had golf as well as his famous affection for Huddersfield Town.

Actually, I hope Major does not take up golf. Too many of our prime ministers have professed a fondness for this wretched but dull game - among them Asquith, Bonar Law and Ramsay MacDonald. In any event, I believe the dicky state of his knees would preclude it. This handicap is a shame, for walking is a respectable pastime for a PM. Baldwin combined it with what the *Dictionary of National Biography* calls "an affection for the atmosphere and simple fare of old country inns".

Somewhat, I cannot see Major emulating Palmerston, who loved horse-racing and killing animals in equal measure. Lord Aberdeen's passion - otter-hunting - would hardly be acceptable today. Pitt the

Younger drank port, and Caning wrote poetry - neither of which seems quite in character for the present premier. Baldwin listed motoring as his recreation, but no one could motor for pleasure in this age.

It is a disturbing fact that only two of our prime ministers were serious fishermen - Neville Chamberlain and the former Sir Alec Douglas-House. I fancy that Macmillan may have dabbled a little, for the other day I found a photograph of him in tweeds and flat cap, rod in hand, beside a famous Irish salmon river. But I suspect that shooting creatures was more in his line.

The fact that Chamberlain had a 6lb Test trout to his credit suggests that he was no mean performer. There is a touching account in a book by John Bunnell of a weekend by the Test, at which Chamberlain was a guest. The PM

fished all day for salmon and trout, caught the biggest fish, drank several glasses of port, and "in his enthusiasm reminded me much of a schoolboy on a weekend holiday". It was May 1938; war, resignation, and death were just around the corner.

A few months before that weekend, Chamberlain had returned from Munich waving his piece of paper. Hardy Brothers, the tackle-makers, presented him with a 10 ft Rogue River fly rod - "a mark of esteem and appreciation for his determined efforts in averting a World War", the inscription on it reads. I found the rod recently at an auction in London (it was bought by a member of the Chamberlain family for £2,000), and wondered if that inscription had troubled him.

The champion prime minister angler is Lord Home of the Firth. In his volume of sporting memoirs, *Border Reflections*, this most modest of demon fishermen hardly bothered to mention the capture of salmon to 32lb and sea trout to 16lb. He allows himself no more than one boast: an account of how, having left all his baits at home, he carved a lure from a piece of driftwood and caught six salmon with it.

He is a trout man, too - "so give me a light trout rod, and the dry fly, and a stream which rises clear through moor or meadow, and I ask no more of the day." Now, that is the prime minister for me!

So, it is clear that Major should take up fishing. He might find wading rivers after salmon and trout a bit arduous, but he could sit comfortably in a boat, or by a lake, and since he would be able to command access to the best waters, he would surely catch something. If the detectives kept their heads down. Above all, the agonies and ecstasies of fishing would surely provide him with a new and enviable sense of proportion about the cares of his great office.

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BOOKS

Rough justice for women

A.C. Grayling welcomes a book which demonstrates the shortcomings of the law when dealing with minority groups

DO WOMEN get a fair deal at the hands of the criminal justice system in Britain? That is Helena Kennedy's central question. Her answer is an unequivocal "no". Her book is a sober and sobering explanation of why this is so. She puts her case, and suggests remedies, with compelling clarity. This is an important book; if it gets the wide readership it deserves it will make a substantial difference to public debate about Britain's legal system.

Kennedy practises at the criminal Bar. There are more lucrative and mannerly regions of the law, but Kennedy's choice is governed by the fact that in criminal proceedings the liberty of the subject is at stake. Her achievements are not restricted to the courts; she is an active campaigner for penal and constitutional reform and television has made her widely known.

Women have to struggle to succeed in any of the professions, the Bar not least among them. But that is not Kennedy's main point. Her concern is with those who are at the receiving end of criminal justice, especially women. Practising as a barrister has given her ample opportunity to experience the failure of the system to treat women and other disadvantaged groups fairly.

It is a mere commonplace to say that the legal system was created by men for men. Relatively few women commit serious offences, and the assumptions and practices of the courts reflect this fact. They show it also when women come before the courts as victims of crime. In a host of ways the courts fail to recognise the reality of women's lives, with unjust results. The same applies to members of ethnic minorities. Kennedy uses a wide range of cases to show how women are disadvan-

taged, whether as victims of rape and domestic violence, or as defendants on charges ranging in seriousness from prostitution to murder. Even though in a recent instance a woman was exonerated from a murder charge, the cases make grim but profoundly instructive reading.

A salient example is that of battered women who appear before the courts either as accessories to the killing of a child, or because they killed their partners. There are widespread misconceptions about such women among judges and juries, who cannot understand why

EVE WAS FRAMED: WOMEN AND BRITISH JUSTICE by Helena Kennedy Chatto and Windus £16.99, 205 pages

they stay with their battering partners. Do they take perverse enjoyment in beatings – or are the beatings not really so bad after all (as if there were an acceptable minimum of domestic violence)? In the US the behaviour of abused women has been recognised as a species of stress disorder. Research shows its devastating effects: victims come to be oppressed and controlled by the mere threat of violence, and find themselves frozen into an inability either to escape or resist – even, in some cases, into inability to protect children at risk, as in the Hilda Nussbaum case in New York.

Battered women mask the physical and mental effects of their suffering, and in court seem emotionally detached. Profound misperceptions result. One concerns the crucial matter of provocation. A defence can attempt to reduce a murder

charge to one of manslaughter by pleading provocation, but courts will only comply if the provocation was immediate – as when someone discovers his wife's infidelity, and kills her in a rage. There have been cases of women killing partners not in blind anger, but when the men were unaware, perhaps in drunken sleep. The cumulative effects on women of years of persistent beatings and fear are still not understood by courts, who apply the standard provocation test, with resulting injustice.

These misunderstandings parallel many assumptions about women which distort the law's treatment of them. Whereas "fragrant" examples of femininity like Mary Archer prompt lyricism from judges, the case is otherwise for prostitutes, lesbians, and women with children in care, who risk condemnation as much for what they are as for the crime they have committed. Barristers learn to urge women clients to dress and behave demurely in court; anything that challenges acceptable stereotypes runs a risk. This applies as much to the rape victim as to the alleged murderer, and deeply affects the justice either can hope to receive.

Kennedy describes case after case where these considerations apply. Her sober language cannot hide their shocking nature, and as they accumulate one has the sense that the law is truly a foreign country for women who find themselves in its toils. But the story is not entirely negative. Kennedy applauds the improvements – slow and low though they are – which are taking place, and suggests further reforms. These include public scrutiny of judicial appointments, training for judges, and positive action to increase the number of women judges. As her book eloquently testifies, reform is long overdue.

Fiction

Shades of real life

TWO VOICES are there: one is of a 77-year-old living novelist, the other of the son of a not-quite-so-famous dead short story writer. The latter, Benjamin Cheever, invites the description because of his inability – as a psychiatrist tells his fictional alter ego – to distinguish between where he begins and his father ends.

Because Cheever's novel, *The Plagiarist*, is his first, it might seem unfair to compare his performance with that of the mature Bellow, but the book has been received with such acclaim in the US that a closer look is needed.

In real life Benjamin Cheever is of course the son of the *New Yorker* writer and New England novelist John Cheever. The hero Arthur of *The Plagiarist* is the son of Lazarus Prentiss, a "famous writer". He gets a job on a digest magazine where everyone is paid a great deal of money for doing almost nothing. Bored, he writes a story – about a man who has a son called Arthur – and submits it over his father's name.

The turning-point in Arthur's life comes with his confession that his father's "contribution" is actually his own work. Almost at the same time the cantankerous old man who has ruled his career for so long dies and suddenly a new self-reliant life seems possible.

The Plagiarist has a certain winsome charm because of the

SOMETHING TO REMEMBER ME BY: THREE TALES by Saul Bellow Secker & Warburg £13.99, 222 pages

THE PLAGIARIST by Benjamin Cheever Hamish Hamilton £9.99, 322 pages

very nakedness of the autobiographical element. But Cheever *his* does not seem to have learnt the first rule of novel-writing – a measure of detachment, even ruthlessness is needed to make what D.H. Lawrence called "the one bright book of life" out of intensely personal material. Merely setting down the facts is not enough.

By contrast Bellow's story entitled *Something To Remember Me By* is writing of a high order – although considerably different in tone from the stories which precede it in this volume: *A Theft* and *The Bellross Connection*, previously published on their own and reviewed here on publication.

This new piece is set in the Depression in Chicago. One winter's day, "armoured in gray ice", Louis, a teenage boy whose mother is dying of cancer, is delivering flowers to a funeral. On his way back he calls at the office of his brother-in-law, a dentist, who is not there. He goes to find out whether he is with Marchak

the doctor next door and discovers a naked woman on a couch.

From her appearance – although he is no expert – Louie suspects that the woman has just had intercourse. Her wrists are wired to a machine and he knows that Marchak is in the habit of getting women off the street to record their reactions to sex. The woman sees that Louie is excited and takes him back to her room where she tells him to take all his clothes off and get under a blanket. When he is undressed she throws his clothes out of the window and disappears after them. Louie rushes to the window and sees an accomplice gathering them up.

Louie finds a filthy dress and bravely the killing Chicago cold outside dressed as a girl. The local druggist sends him to a speakeasy where he is interrogated by a Greek and persuaded to help a drunk back home to his two little girls. When Louie gets home himself and his father hits him, the blow "fills him with gratitude".

In a sense, Saul Bellow's story could also be thought of as autobiographical in that he was the same age as his protagonist in February 1933, and also lived in Chicago. There is also a seeming personal note to his son: "I haven't left a large estate, and that is why I have written this memoir, a sort of addition to your legacy."

In this case, however, it does not matter whether the subject-matter is autobiographical or not. The test is that we are not invited at every twist and turn of the story to refer back to Bellow's own life. The style is conversational and personal, reminding us of that tradition of American literature which runs from Mark Twain to Sherman Alexie. In its theme – the transition from innocence to experience – it is also in the Anderson mould, reminding us of those moving stories "I Want to Know Why" and "I'm a Fool".

Although *Something To Remember Me By* does not have the pyrotechnic brilliance of *A Theft* and *The Bellross Connection* it is no less impressive.

Geoffrey Moore

class military chap with a rigid upper-lip and an inability to get through the morning without a snifter. Roy is a lovable advertisement for old-fashioned working-class family values. But Angela Lambert handles their relationship with such sensitivity that they both emerge as living, breathing individuals.

Straightforward, compassionate, and honest with himself, Roy is a foil to Reginald's more interesting, more pitiful personality. Crushed by a lifetime of emotional self-repression, Reginald behaves on the surface like a parody of himself and only begins to see the truth about his marriage towards the end.

A Very English Marriage is observant, wry, and ultimately poignant. Successfully avoiding sentimentality, it offers a credible dramatisation of class tension and generational conflict.

If Angela Lambert looks at British social history with the eye of a miniaturist, Julia O'Faolain's massive novel paints its characters larger than life. The *Judas Cloth* is set in 19th century Italy, and follows the fortunes of Nicola Santi, a priest brought up by Jesus, through the long and turbulent reign of Pope Pius IX, which saw the rise of Italian nationalism and the diminution of papal political power.

Despite some slow and stodgy passages, Julia O'Faolain manages to bring the extraordinary complexities of this historical period to life.

Lucasta Miller

tion that keeps its characters at arms length, and its off-beat humour is too brittle to satisfy. Angela Lambert, on the other hand, is not afraid of telling a straightforward story and going right to the heart of her characters. *A Very English Marriage* contrasts two men, both in their seventies, whose wives die on the same day in the same hospital, and who move in together after the local vicar suggests they might provide mutual support in their bereavement.

At first glance, Squadron Leader Reginald Conyngham-Jervis and ex-milkman Roy Southgate look like stereotypes. Reginald is an upper



This powerful drawing of Two Marquesans made by Gauguin in 1902 comes from 'Paul Gauguin: The Search for Paradise' (Collins & Brown £14.99), a collection of his letters from Brittany and the South Seas selected and introduced by the critic Bernard Denivre, the latest volume in the Illustrated Letters series.

Pearson's second Lord

CLIVE Pearson was the second son of Westman Pearson, the first Lord Cowdray. His father made a big fortune as one of the most successful contractors in the world, building, among other successful projects, the Admiralty Harbour at Dover, the Tehuantepec Railway in Mexico and the East River Tunnel in New York which, an aggressive American matron told him, proved the superiority of American engineers over all others. He politely replied that he would make a point of inspecting them after his next transatlantic voyage. His assets were reckoned at £10m in 1921. When he died in 1927 he was said to be the sixth richest man in Britain.

He certainly provided lavishly for his children. Later he diversified the company into Mexican oil and long after his death the Pearson Group acquired the *Financial Times*.

Clive was his successor in the business. Because of the firm's dealings in Mexican oil – essential for the Navy – he was exempted from military service throughout the First World War. He was unhappy about this. The pointing finger in the famous Kitchen poster haunted him, as did the death

in action of his younger brother, Geoffrey. The dilemma of civilian or military service vexed many people in both world wars. No one can say that Clive was wrong.

This biography is written at the request of his three daughters, Mrs Tritton, Mrs Smiley and Lady Gibson Books with such a provenance that the marble effigies on tombstones commissioned by children in memory of much loved parents. The author's task is not made easier by the existence of three overlapping earlier books: J.A. Spender's biography of Westman Pearson, Desmond Young's *Member for Mexico*, and Mrs Smiley's account of life at the family home, *A Nice Clean Plate*. Of course they are useful sources, but biographers tend to prefer an untitled field.

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board meetings warranted so many hours of discussion.

Lord Cowdray in 1921 acquired for Clive two immense houses, Parham near Pulborough and Castle Fraser a few miles from Aberdeen.

Clive's wife Alice Knabell-Hugesson was a born collector, graduating from rabbits' front teeth at the age of nine to the antique furniture, splendid pictures and armorially bound books which forms such features of Parham. Before 1939 the house was staffed by a butler, three footmen, a valet, a housekeeper, a cook, four housemaids, two kitchenmaids, a scullery maid, a still-room maid and a night watchman, plus a nanny and nursemaid to look after the children. Even the very rich could not live in this style after 1945.

The Pearsons were among the earliest owners of stately homes to open them to the public, and they did it with great success. John Jolliffe has written an agreeably nostalgic life of a second generation tycoon who bridged the gap between the Victorian and the modern Elizabethan era. It is the perfect Christmas present for people – one must use words carefully – for people of a certain age.

Robert Blake

Mothers' ruin

bed for hours at a time.

Still, this is a far cry from past practice. The earliest successful Caesarion (no relation to Julius) it comes from the Latin *crescere* meaning a cutting, we learn) was performed in 1500 by one Jakob Nufer, a Swiss pig-gelder. Over time, men increasingly intruded on the process of childbearing, so much so that in the 18th century midwives in Europe were executed as sorceresses.

In America it is only in the

past decade or so that professional women have begun to make inroads on this male preserve. Mitford is at her shrillest describing how midwives with spotless safety records have had to fight for the right to practice. Yet slowly, she believes, home delivery is making a much-needed comeback.

Max Rodenbeck

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Poetry in performance Oppression as the muse

POETRY seldom impinges upon politics in the western world.

This is not so, however, in many other parts of the world; and if there was one theme that recurred over and over again during this year's 10-day Poetry International festival at London's South Bank, it was that of the importance of poetry to writers who have lived and suffered under oppressive regimes and the threat that those in authority believed the writing of poetry to represent. And, related to the problem of writing under duress, was a second theme: what happens to poetry when regimes of that kind disappear? Does it continue to flourish?

But first, a few of the harrowing details. Jack Mapanje was imprisoned without trial in Malawi's notorious Mikuyu prison for four years. No charges were laid, though the authorities had, it seems, taken exception to a poem conceived on the day that Sergeant Doe took power in Liberia, and therefore written in criticism of a different regime. No reading or writing was allowed in the prison, though there were three bibles to be shared amongst the 90 detainees. In order to stimulate the mind, Mapanje and his fellow inmates devised indexes – on how many occasions, for example, did a raven manifest itself between the beginning of the book of Genesis and the end of Revelations? This exercise in survival later developed into a remarkable poem entitled "The Vanished Stubborn Ravens of Mikuyu Prison", in which the biblical ravens meld with the crows that used to hammer on the rooftops of the prison each dawn. Mapanje's sombre and dignified reading manner occasionally rose to a pitch of ferocious denunciation – understandably enough.

Irina Ratushinskaya, imprisoned without trial in Russia in 1983 for "anti-Soviet agitation and propaganda" (which meant the writing of poems) resorted to writing on soap with matches. She was released on the eve of the Reykjavik summit as a gesture of appeasement. Her reading of the poems written during her captivity was remarkable for its lack of querulousness. Delivered without the histrionic gestures that one usually associates with Russian poets, the poems seemed to testify to a new serenity. Had she transcended all that suffering? Or was this merely a remarkable act of emotional containment? The only evidence of pain appeared when she spoke of the difficulty of emigrating from the Motherland.

Later that same evening, the short, ebullient Irish poet Brendan Kennelly whipped up a storm by reading from *The*

Michael Glover

Jazz/Garry Booth Betty Carter

IT'S Not About The Melody, according to the title of jazz singer Betty Carter's new album on Verve (518870). Listening to Ms Carter's vocal technique, most people would surely agree that it is her distorting treatment of the melody which picks her out from the crowd.

It was not always so. Carter came to notice in the 1950s with Lionel Hampton and later with Ray Charles in the 1960s. Hampton nicknamed her Betty Bebop for her fragmented scatting style which, however, was considered too strong for a wider audience. Her own enterprise and arranging skills saw her through the leaner times which followed with the formation of Bet-Car Records and live work with classy piano trios. But tastes change and sticking to the formula of attentive accompaniment and an almost instrumental vocal delivery has paid off. Appearing at Ronnie's in London for two weeks, fol-

lowed by a week at the Birmingham club, Betty Bebop is on song, if not entirely on the prescribed melody. A well meshed trio is in attendance, dominated by the large figure and vigorous runs of pianist Cyrus Chestnut and driven by Clarence Penn (drums) with Christopher Thomas (upright bass). What a difference attentive accompaniment makes to a singer.

With hooded eyes and a velvety timbre which can resonate like a tenor sax, Carter slipped through a selection of originals and Cole Porter standards, her rubbery vocalises forcing melody and lyric out of shape. She walked the front of the stand and made pleading eye contact during emotional numbers like "You're Mine, You"; she stretched and kneaded the otherwise familiar melody of "Every Time We Say Goodbye", leaving the lyric wholly intact.

This matured but mannered vocal style may yet be too rich for some mainstreamers, but set against the overdone facial contortions of new singers such as Rachelle Ferrell or the blandness of Sade, say, it is a joyful thing.

Appearing at Ronnie's in London for two weeks, fol-

BAD. BUT it could have been worse, is the fairly predictable reaction to the real cuts in funding for the arts, the museums, and the heritage generally, announced in the autumn statement. The new Heritage Secretary, Peter Brooke, is reported to be well pleased with the outcome.

The sad thing is that as theatres go dark, museums sack staff, and dance companies close, fingers can be pointed at innocent scapegoats. The obvious one is the British Library. In a desperate attempt to finish off the job the Government is pumping an extra £30m over the next three years into this benighted project. If things had gone according to plan British Library expenditure would be an historical blip by now. As things stand it is absorbing the resources which could have saved the performing arts, eating up £15m in 1988-89.

Also in the firing line must be the costs of setting up the new Department of Heritage. The move to the new building, and additional staff, means that 250 civil servants will consume £20m next year from a £99m total budget.

For the Arts Council there is a brief reprieve. Next year it will receive

almost 2 per cent more, at £265.6m, and chairman Lord Palumbo has pledged that existing clients will be

taken care of. But out go new initiatives; new inspirations; new artists. Then the Government starts axing like a lumber jack, and four years from now the Council is set to receive marginally less than its current year's grant, a massive cut in real terms. It will mean a choice between withdrawing subsidy from many smaller arts groups, or chopping one or two major arts flagships – or doing away with the Arts Council as we know it.

Of course there are alternative scenarios. Lottery money should be trickling through by late 1994, which will give a £100m plus annual lifeline for the arts. And this week's planned expenditures may be fattened up in subsequent years. It is an interesting footnote that since Arts Minister Richard Luce introduced three year funding for the arts in 1988 in an attempt to enable companies to plan with confidence, not once has a planned budget become a reality.

For the museums the misery is now. They are invariably getting cuts in real terms. To distract them Brooke has changed their funding so that

Off the Wall/Anthony Thorncroft

Out go new initiatives

the museums by 2000 and make them a national glory look tarnished.

The heritage is the biggest loser from the cuts. English Heritage is actually getting less money next year, while the National Heritage Fund, the last bulwark against losing arts treasures overseas, sees its grant cut from £12m to £8.2m in 1994-95 and even less in the next year. Or is it Lottery money again? After three fat years the arts are to be skinned. Lets hope they stored away some provisions.

The sign of relief at Christie's Park Avenue saleroom on Wednesday night reverberated around the art world. At last there were buyers again for expensive pictures. The most important auction of Impressionist and modern pictures for over two years went well, with 99 out of the 75 lots finding buyers and the total of \$70.6m (£46.7m) safely within Christie's pre-sale estimate.

There was even an important record when Matisse's colourful interior of his model asleep sold for \$14.5m (£9.5m). The decline of the art

market has been built around a lack of confidence and an unwillingness of owners to sell. This week death forced on to the rostrum major pictures, and American private buyers, obviously confident that the recession is ending, were buying again.

Not all are confident. Dealers are not around to underpin the bidding and no Japanese were visible in New York. Christie's did much better than Sotheby's – whose sale totalled \$35.6m, and was over 30 per cent unsold – mainly because it attracted better pictures but also because it persuaded sellers to place lower reserves. Only the good pictures are moving, like a rare complete version of Monet's waterlilies which made \$12.1m at Christie's, but the folk wisdom is that the fall out from a good Impressionist sale in Manhattan trickles quickly down to Portobello Road.

Meanwhile back in London Christie's best Victorian picture sales for some time saw disappointment after disappointment yesterday. Lord Leighton's "Moorish garden", a young girl leading two peacocks, was unsold at £340,000; so was "The Bracelet", also by Leighton, and Alma-Tadema's cheeky nude, "The Sculptor's Model". Even Watts' famous portrait of Tennyson failed to sell. Perhaps the potential buyers do not quite believe in Mr Lamont's economic miracle.

No fear of flying

PETER Greenaway is that most perplexing of types to a fellow Englishman: a film-maker who would sooner be known as artist and intellectual – a man more interested in ideas, and the exploration and extension of the possibilities of his craft, than in any mere pleasure of his audience. His films, with their pretentious titles (*Ornamenting by Zed and two roughs*) their affected music, their obscure jokes and archaic references, tease when they do not shock, shock when they do not bore, and bore when they do not irritate. He is, in short, taken more seriously abroad than at home.

Two major European institutions have lately had the bright idea of inviting his collaboration, not in the making of a film, but in the preparation of exhibitions intended to test the idea of what an exhibition may be, or do. Understanding his predilection for lists and categories, and to mark its own tercentenary, the Academy of Fine Arts at Vienna recently asked him to nominate, as the title puts it, *100 Objects to represent the World*, which ended last week.

I did not see this exhibition, but I have the catalogue, with its inventory of objects and images, and its instructions for their display – a shadow, a fallen tree, a gate, a wheelchair, fire, ink, a gibbet, a pig, a kiss, Adam & Eve. "Exhibit 100 will be the catalogue of the exhibition... open at the page that comments on Exhibit 100 that shows the Exhibition Catalogue open at the page that comments on Exhibit 100 that... Pretentious? Perhaps, but intriguing too, and an exhibition I wish I had been able to see for myself.

His current exhibition at the Louvre in Paris, is, on the surface, rather more orthodox, yet

turn by turn we consider the angels, and the imaginative release of a spiritual ecstasy. We explore the clouds and skies and the upper reaches of the air. And as sure as we approach unto heaven itself, so as surely are we damned by our presumption, and the great fall begins. Down we go, with Phaeton and Icarus, down into hell or, at the very least, down to earth, that the whole cycle may begin again.

The quality of the work, it need hardly be said, is wonderfully high but it is the variety within the common theme that is the point. From Van Dyck's St Francis receiving the stigmata to studies of cloud effects by Delacroix, Constable and Whistler, it brings together, in this stimulating mélange of fantasy and objectivity, spirituality and the mundane, works that more orthodox scholarship would never think of seeing by the same light. And by doing so, Greenaway says much that is useful, unexpected and intriguing of our common human aspirations and spiritual longings, that speak to us still, through all the differences of time and culture.

We have such collections in the UK that might readily be plundered and illuminated in just this way, by any suitably educated, free and radical eye. *The Artist's Eye* exhibitions at the National Gallery have long offered an admirable example, within their necessarily limited scope. Would that others would only follow.

"Le bruit des Nuages": Louvre, Paris, until February 1



Dream of personal flight: Odilon Redon's 'Le Démon Allé'

Paris saleroom/Nicholas Powell No reserves

AFTER a drab start to the season Paris's salerooms are waking up this month with a flurry of top quality modern art sales with low estimates and, in one case, no reserve prices.

Meanwhile abroad, Paris auctioneers Drouot stands poised to hold its first sale of icons and jewellery in Moscow. Joel-Marie Milon, the company's chairman, spent a week in Russia last July negotiating a sale with the minister of culture and Art 2000. Milon is waiting for a final ministerial go-ahead.

Drouot failed, however, to seize extensive premises across the street from its own overcrowded salerooms. Auctioneer Guy Loudmer opened there this month. His 72 lot sale of 19th-century and modern paint-

ings on November 23 features works by Gericault – seven drawings, including a study for "Le Radeau de la Meduse" and nine oils, ranging from small seascapes to fine portraits of Alfred de Dreux as a child estimated at FFrs4.6m (£413,500-620,300).

Jacques Tajan, meanwhile, of France's largest auction house Ader-Tajan is experiencing financial problems largely because a recalcitrant Japanese businessman owes him FFrs30m or an art nouveau glass sale in November 1990.

Tajan's plans to re-auction

them in Japan last July were vetoed by his bankers, and sellers are still waiting for their money. Meanwhile, the goods have lost 70 per cent of their value.

Tajan's former partner Jean-Louis Picard holds his big modern art sale of the season on November 25. It includes drawings by Degas and Bonnard, two fine works on paper by Vuillard plus a remarkably atmospheric view of Paris by Marquet of 1904 (estimate FFrs1.7-2.2m, £200,000-£206,000) and a 1906 view of Rotterdam by Signac (estimate FFrs2-3.5m, £206,000-£257,500).

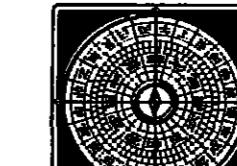
The sale, however, is Alain Lesieur's collection of modern paintings by auctioneer Francis Bristot on November 24. Paris art dealer Lesieur, already forced to sell off his substantial Art Deco collection in December 1989, is obeying a court order to auction his paintings. There are no reserve prices and the 54 lots confirm that, whatever his business shortcomings, Lesieur had great taste. The works include an ink drawing by Gericault and a fishing boat painted in 1880 by Toulouse-Lautrec at the age of 16. There are also paintings and drawings by the French cubist Roger de La Fresnaye, three oils by Nicolas de Staél, three Degas bronze sculptures, a Sisley, a Pissarro and a fiery fauve Vlaminck of 1906.

2.5m, £206,000-£257,500.

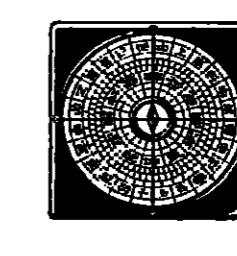
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Theatre/Andrew St George Mobile 'Measure'

MEASURE for Measure has increased its popularity since it opened in 1604. Coleridge was first to recognise its strengths, finding here "the permanent politics of human nature." Twentieth-century theatre has called it a problem play and set against finding solutions. Ian Forrest's production of *Measure for Measure* at the Chester Gateway succeeded in making it new, adding portable phones and personal stereos. He delivers an inventive rendering of an intractable play: illuminating, instructive, but rarely fascinating.

The action turns on two encounters. Isabella's pleadings to Angelo for her brother's life, and then her forgiveness of him in the final scene. Peter Brook used to make Isabella pause before kneeling for Angelo, stopping the play for as long as two minutes. This production finds no hesitation. Angelo (Mark Spalding) starts out buttoned-up and bril-

liantined, hiding behind his desk, pretending to work.

Opposite him, Isabella (Ruth Gemmell) is uncertain in her petition but resolute against compromising. "Isabella, live chaste, and brother, die: More than our brother is our chastity." But Gemmell finds frailty in a gesture, making her excess understandable.

Around them, the Duke (Stephen Ley) has all the authority of a man running late to a meeting: he makes an improbable lunge to reveal Isabella's brother, and bound across the stage to propose marriage. His second, Escalus (Geoffrey Banks) has all the authority of Ross Perot's running mate. Old-style liberalism cedes to new-style rigour tem-

pered with clemency.

The low lifters gain most from being transplanted forward 400 years. Pompey (Nicholas Murchie) uses his mobile to call out from prison, making a dull monologue come alive as a telephone conversation. His friend Lucius (James Duke) is a delight. Their adversary, Constable Elbow (Peter Rylands) is the 1990s' model stage police officer: a violent, shiftless, opportunist.

Measure too often presents itself as a war between liberty and restraint – lust on the one hand and anti-sex legislation on the other. Here, Forrest hints at a discussion about two kinds of government: one has "dark deeds darkly answered"; the other operates in the light of legal process and open information. Both have drawbacks.

The US election last week was a step from one to the other.

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ARTS

SI X YEARS ago director Ridley Scott declared: "A lot of people don't talk about production design nearly enough. *Blade Runner* was well photographed, but what was being photographed was what had been built, over a period of months, and carefully thought about and selected by the designer (Lawrence G. Paull). For me, the designer is as important as anyone else on a film, bar none." This month *Blade Runner's* visual glories are about to go on show in the film's restored version. In the intervening years, though, little has changed in terms of credit and kudos for the unsung craftsman in movies.

Ten years ago, when I first researched film design, I discovered that nearly all the great coup de foûre visual moments we remember in cinema - the ghostly Xanadu in *Kane*, the Babylonian elephants of Griffith's *Injustice* - were the designer's inspiration more than the director's.

Who gave *The Wizard Of Oz* its fantasyland charm: the film's four chop-and-change directors or its two stay-the-course designers (Cedric Gibbons, William Horning)? And who imprinted the epic tableaux of *Gone With The Wind* on our minds? As much as the two directors and their capricious producer (D. Seznick), it was surely William Cameron Menzies, fresh from Britain, where he had designed and directed *Things To Come*.

Every craft guild fanfares its own importance. But the film designer's Cinderella status has been a long-lived injustice. Patricia Von Brandenstein (*Amadeus*, *The Untouchables*, *Billy Bathgate*) was supervising set-building on the new Robert Redford film *Sneakers*, which opened in Britain this week. When I visited her on a noisy Universal soundstage, I began as a devil's advocate. Film has long been fanfare as the most realistic of the arts, a "window on the world." Why do we need production design at all?

It is very hard to tell a dramatic story except in the barest documentary terms without someone interpreting it visually. Design is an emotional reinforcement to the story. It is giving the audience visual clues; it is leading them in and fooling them a little or illuminating them. A screenplay is like a novel with three quarters of the words missing and we have to fill them in."

So here she was, building this loft, where Redford and his surveillance cronies will pore over their computers and data-banks. Brandenstein soon gets metaphorical about her work on *Sneakers*, whereupon the designer's job shifts up yet another gear.

"The interest in this set" - a wave at the Piranesi pattern of girders and struts - "comes from the geometrical complexity. The strength of the beams



Designer magic from Richard Sylbert: the cemetery in 'Dick Tracy'

Screen/Nigel Andrews

The great deceivers

and girders are strong and sheltering, but they're also part of our theme of 'rectangles.' We talked a lot about painters who used squares and rectangles in their images - Chuck Close, Jasper Johns - and what interested me was the motif of squares a circuit board: squares representing pieces of information, because data-banks feature so much in the story."

So the designer's job is not just a craft, it can be an art with its own poetic encodings. Note Brandenstein's work in *Silkwood*, where she "wanted the nuclear plant to be very clinical and claustrophobic like a modern prison, while the heroine's home was more close to nature, almost a log cabin."

And in *The Untouchables* "All that Beaux Arts architecture in Chicago weighed down the characters who were trying to rise. So you had the motif of weight: in the buildings, in Al Capone, in the weaponry, even in the clothes designed by Armani."

Richard Sylbert (*The Crooked, Chinatown, Reds, Dick Tracy*) takes *Chinatown*, the broad-daylight *film noir* he designed for Roman Polanski, as an example of a through-designed film. "What are the basic elements of the story?" Drought, 1939, Los Angeles. No clouds. The sun must beat

down. You make a choice that your palette will be sombre and burnt grass, blues, ochres, browns. The actual wallpaper was bought to use in the Water and Power Building is called 'Burnt Grass.' What's the hottest colour?"

Er - red? "White. If it is hot every building must be white. And if the hero is a detective, every building must be above

Hitchcock. He carried it on right on into the 1960s. Just about the whole of *Vertigo* was shot on stages. Even the 'location' scenes were mostly actors acting against back-projectors."

Bumstead also remembers his search for a perfect street in Hitchcock's *Family Plot* the eerie, sloping city street with the lock-up garage. He found

a hilltop ghost town come insidiously to life, imparts its haunting neo-Gothic mood to the whole movie.

Backlots, masquerading as landscapes, DIY timberlands as real Western towns. The designer's art is a deceiver's art and Richard Sylbert thinks the deceptions prove the rule: that these pieces of visual magic and metaphor enriching give a movie its power and personality. So if the designer is this all-influential force on a film's making, why is he so undervalued?

Sylbert: "There is a great confusion about the parameters of his role. We know what a scriptwriter does, or a cameraman or a director. But what does the designer do? The other job descriptions are clearer. So is the patronage factor. The cameraman works half as long on a movie as a designer, but he gets paid more. Why? Because he is attached to the star's ego. An actress does not say, 'I want So-and-So to design my movie.' But she might want So-and-So to direct her or So-and-So to costume her. And sure as hell she would want a cameraman who knows to photograph her. So the job kudos follows the money, and the money in Hollywood - it hasn't changed, whatever they tell you - still comes with the star."

Such a street; the players were assembled and the lights and camera set up; then Hitchcock said the actors were too cold and ordered everyone back to the studio. Here, at enormous cost, Bumstead had to build an exact duplicate of the location.

But Hitch may have had more than his cast's warmth at heart. There is something tantalising about a set that looks slightly unreal. Bumstead achieved the same effect with the one-street town he built for Clint Eastwood's *Unforgiven*: a collage of clapboard buildings that Bumstead put up "in just 33 days", for which he was given complete artistic licence by the director. The result, like

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TELEVISION

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Spider. 7.35 Animal World. 7.45 Click Draw. McGrath. 7.50 Unit. 8.15 Chucklevision. 8.25 Barry O'Hare. 9.00 Going Live! 11.25 Lord Mayor's Show.

12.12 Weather.

12.15 Grandstand. Introduced by Steve Rider. Including 12.20 Football: Bob Wilson reviews the week's World Cup qualifying matches. 12.45 Racing from Cheltenham: The 12.50 Flowers Original Handicap Chase. 1.00 News. 1.05 Rugby Union: Previewing England v South Africa. 1.20 Racing: 1.30 Who's Who. 1.35 Label Handicap. 1.45 Snooker. 1.50 1.50 Racing: The 2.00 Mackeson Gold Cup Handicap Chase. 2.10 Rugby Union: England v South Africa live from Twickenham. 4.10 Boxing: Britain's Andy Holligan v American Joe Casper from Everton Park Leisure Centre. 4.40 Final Score. Times may vary.

5.05 News.

5.15 Regional News and Sport.

5.20 Dad's Army.

5.50 Big Break.

6.00 Noo's House Party.

7.15 Bruce Forsyth's Generation Game.

8.15 Mystery. A teenagers missing drugs and alcohol is rushed to Holly City Hospital. Sandra's affair with Julian attracts idle gossip, and the team must an unlicensed boxer with a detached retina. Starring Nigel Le Vaillant and Maureen Beattie.

8.05 Mystery. Robert Weather.

8.25 Mystery. Blind Date. Dico Willis and Kim Basinger play unlikely lovers in this romantic comedy about a dinner date that goes from bad to worse (1987). Co-starring John Larroquette, William Daniels and George Coe.

11.00 Weather.

11.15 Weather. The Best to Wednesday. Roy Stubbs introduces highlights from two of the day's FA Cup first round games and goals from the other fixtures.

12.00 Film: Friday the 13th Part VIII: Jason Takes Manhattan. Knife-wielding mass murderer Jason Vorhees wreaks more blood-curdling carnage on a cruise ship destined for New York Harbor, starring Jensen Daggett, Scott Reeves and Peter Mark Richman. (1989).

1.40 Weather.

1.45 Close.

BBC2

8.00 Open University. 8.05 Film: Our Relations. 10.15 Film: Berlin Express. 11.40 Travel Show UK Mini Guides. 11.45 So You Want to Play Go? with Peter Alliss. 12.15 pm Film: It's a Great Feeling.

1.35 Animation Now.

1.50 London East. An interview with Hindu film producer Gulshan Kumar, and a report from the Asian Trade Awards at London's Savoy Hotel.

2.20 Turnabout. (English subtitles). 3.00 Arthur Negus Entertains. The antiques of Luton Hoo.

3.20 Film: Double Indemnity. Barbara Stanwyck plays a ruthless woman who attempts to murder her husband with the help of her lover. Also starring Fred MacMurray and Edward G Robinson (1944).

5.05 The Sky at Night. Patrick Moore visits the summit of Mount Hopkins in Arizona to examine the multiple mirror telescope. Shown later on BBC1.

5.25 Late Again.

6.40 News and Sport; Weather.

6.55 Pole to Pole. Michael Palin visits drought-stricken Sudan and encounters the intense heat of the Saharan desert. He realises the South is blighted by the civil war raging between different tribes. At the vital crossroads of Khartoum, he faces a difficult decision. Shown Wednesday on BBC1.

7.45 Rainford Rita. Simon Rattle conducts the City of Birmingham Symphony Orchestra in a performance of Stravinsky's Rite of Spring, in which the 12 dances are represented by shapes and multiple TV effects.

8.35 I've Got You for You. Bony Branson and Karen Livingston MP. Join team captains Paul Merton and Ian Hislop.

9.05 Performance: Tales from Hollywood. Jeremy Irons and Alec Guinness star in Christopher Hamblin's drama which charts the lives of screenwriting writers and screen Hitler by travelling to 1940s Hollywood. Also starring Sinead Cusack and Charles Durning.

11.00 Film: Claire's Knee. A soon-to-be-married French diplomat becomes obsessed with a teenage girl he meets on holiday. Starring Isabelle Adjani, Brigitte (1970). (English subtitles).

12.45 Saturday Night Live.

1.20 Close.

SATURDAY

6.00 TV-am. 8.25 What's Up Doc? 11.30 Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.

1.05 LWT News and Weather; The Day.

1.10 Highdays and Otherdays. Jenny Bristow presents a mouthwatering array of desserts.

1.40 Matlock. Starring Andy Griffith.

2.25 The A-Team. With George Peppard and Mr T.

3.30 WCW Worldwide Wrestling.

4.10 Dinosaurs.

4.40 ITN News and Results; Weather.

5.05 Cartoon Time.

5.25 Beverly Hills 90210.

6.15 Gladiators, presented by Ulrika Jonsson and John Fashanu.

7.15 Beanie's About.

8.45 ITN News; Weather.

9.00 LWT Weather.

9.05 Film: Fool's Gold: The Story of the Bank. Jimi Rotberg. Sean Bean stars in the premiere of this crime thriller about the country's largest robbery. He plays the South London villain whose gang netted £2m in gold bullion. With Trevor Byfield, Christopher Godden and George Jackie (1992).

11.05 International Boxing: European Flyweight Championship. From the Wales National Ice Rink in Cardiff, Welsh boxer Robbie Regan aims to wrest the European Flyweight title from Sardinian Salvatore Fanni, who is defending his crown for fourth time. Ringside commentators are Reg Gutteridge and Jim Watt.

11.50 Almost Grown.

12.00 Get Started; ITN News Headlines.

12.45 The Big E.

1.55 Cheap Thrills; ITN News Headlines.

2.00 The Gig.

2.40 Get Stuffed.

3.00 New Music.

4.08 The Making of Dances With Wolves (documentary about the making of Kevin Costner's epic western adventure film).

4.25 The Hit Man and Her. Hosted by Peter Waterman and Michaels Strachan.

LWT

6.00 Early Morning. 10.00 Kabaddi. 10.30 Gazette Football Italia - With Paul Gascoigne. 11.30 American Football: Play Action. 12.00 Sign On - Dead World. 12.30 pm Songs and Memories.

1.00 Film: Jitterbug (1943). Classic Laurel and Hardy comedy in which the two stars of vaudeville attempt to help singer Vivian Blaine recover the money she has lost to a gang of conmen. 2.20 Silly Little Goose (animation).

2.40 Film: Tee Hot to Handle. Clark Gable and Walter Pidgeon star as rival newsmen trying to win the heart of Myrna Loy. With Johnny Hines and Walter Connolly (1935).

4.35 The Graduate. A young man's mother struggles to cope with poverty. Starring Kathleen York and Hector Elizondo.

5.00 Brookside.

6.30 Right to Reply. Anne Ross Muir, producer of the Dispatches programme highlighting the harmful effects of smoking, discusses the programme with a viewer.

7.00 A Week in Politics. Treasury ministers defend the Autumn Statement, while Conservative voters in the suburbs give their opinions. Labour MP Nick Raynsford puts forward some ideas about the strategy his party leadership ought to be pursuing.

8.00 Sealshakers of Konku. Looking at the ritual of catching sharks used by the coastal villagers of Papua New Guinea where the fish are turned into oil by magic, skill and constant shouting.

9.00 Ladyboys. A portrait of two boys from rural Thailand who leave their homes to seek fame and fortune as transvestite cabaret performers. Thailand has a tradition of transvestite culture, but now the government is trying to suppress this often despised lifestyle.

10.00 Film: The Return of Martin Guerre. A young man (Gérard Depardieu) returns to his medieval French village after nine years away. He has exchanged his untrustworthy ways and is welcomed by his wife (Nathalie Baye). But the villagers denounce him as an impostor and he is put on trial (1982). (English subtitles).

12.05 Let the Blood Run Free.

12.20 The Happening.

1.25 The Word.

2.35 Twilight Zone: Silver Anniversary.

4.25 Close.

CHANNEL 4

6.00 Early Morning. 9.30 Laurel and Hardy. 9.30 Dennis. 10.00 Flipper. 10.15 If Wishes Were Horses. 10.30 The Human Factor. 12.30 The Big House on the Prairie.

1.00 ITN News; Weather.

1.10 Waldens. Brian Waldens asks Transport Secretary John MacGregor if the Government can fulfil Sir John Major's promise to deliver economic recovery; The Big House.

2.20 The London Match. Millwall v West Ham. Ian St John introduces live coverage of the match, with commentary by Brian Moore.

3.00 Baywatch.

4.00 Animal Country. Magazine for animal lovers. Desmond Morris and Sarah Kennedy encounter a magnificent stallion, a heroic dog and some angry rabbits.

5.30 ITN News; Weather.

6.40 Appeal. Anna Ford appeals on behalf of the Family Planning Association.

6.45 Highway. Sir Harry Secombe visits the Viva Vale in Wales. Immortalised by Wordsworth's poetry and Turner's paintings, in Chepstow he meets actor Leslie Stansfield, who explains why he left London to lead a rural town life.

7.15 The Ruth Rendell Mysteries. Part one of Kissing the Gunner's Daughter.

8.45 London's Burning. Blue Watch are called to the scene of a petrol-bombing at a London pub and mount a dramatic rescue operation without breaching apparatus.

9.45 ITN News; Weather.

10.00 The South Bank Show. A profile of actor and director Sir Richard Attenborough to celebrate his 50 years in the industry. It follows the filming of his most famous film about the life of Charlie Chaplin, and features tributes from friends, including Michael Grade, Sir John Mills and David Puttnam; The Day.

12.05 Care the Music.

1.10 The ITV Chart Show.

2.15 Film: The Inheritance. Melodrama set in rural Italy. Anthony Quinn plays a wealthy farmer who disinherits his children but succumbs to the wills of his devious daughter-in-law (1976).

4.05 Film: A Dry White Season. Donald Sutherland and Marlon Brando star in the premiere of this anti-apartheid drama (1989).

4.30 Memories of 1970-1981.

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REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

ANGLIA:

1.05 Anglia News. 1.10 Life and Times of Grizelda Adams. 2.05 McCloud. 3.35 WCW Worldwide Wrestling. 4.30 Anglia News. 5.15 Carbon Times. 7.00 The Sound of the Baskervilles.

BERKSHIRE:

1.05 Border News. 1.10 Kick Off. 1.30 Venetian Valley. (1981) 3.05 Granada Sports World. 3.30 Border News. 3.15 Sports Results. 11.05 The Graduate.

CENTRAL:

1.05 Central News. 1.10 The Life and Times of Grizelda Adams. 2.05 McCloud. 3.35 WCW Worldwide Wrestling. 4.30 Anglia News. 5.15 Carbon Times. 7.00 The Sound of the Baskervilles.

CHESHIRE:

1.05 TV Cheshire. Today. 1.05 Diary Dates. 1.15 TV Sporting Decade. 1.30 The True Story of Jesus James. (1986) 3.20 Zorro. 5.45 The A-Team. 5.50 Channel News. 5.55 Puffin's Playtime. 6.15 Carbon. 11.05 The Young Riders.

DERBYSHIRE:

1.05 Derbyshire Headlines. Today. 1.15 Granada Headlines. 1.20 Granpa's Planets. 1.30 Carbon. 1.45 Made in Heaven. 2.15 Highways and Byways. 2.30 Carbon. 3.05 Scotland Today. 3.15 Carbon. 11.05 Years.

TSW:

1.15 The South West Week. Today. 1.20 Carbon. 1.30 Carbon. 1.45 Carbon. 2.15 Carbon. 2.30 Carbon. 3.05 Carbon. 3.30 Carbon. 4.05 Carbon. 4.30 Carbon. 5.05 Carbon. 5.30 Carbon. 6.05 Carbon. 6.30 Carbon. 7.05 Carbon. 7.30 Carbon. 8.05 Carbon. 8.30 Carbon. 9.05 Carbon. 9.30 Carbon. 10.05 Carbon. 10.30 Carbon. 11.05 Carbon. 11.30 Carbon. 12.05 Carbon. 12.30 Carbon. 13.05 Carbon. 13.30 Carbon. 14.05 Carbon. 14.30 Carbon. 15.05 Carbon. 15.30 Carbon. 16.05 Carbon. 16.30 Carbon. 17.05 Carbon. 17.30 Carbon. 18.05 Carbon. 18.30 Carbon. 19.05 Carbon. 19.30 Carbon. 20.05 Carbon. 20.30 Carbon. 21.05 Carbon. 21.30 Carbon. 22.05 Carbon. 22.30 Carbon. 23.05 Carbon. 23.30 Carbon. 24.05 Carbon. 24.30 Carbon. 25.05 Carbon. 25.30 Carbon. 26.05 Carbon. 26.30 Carbon. 27.05 Carbon. 27.30 Carbon. 28.05 Carbon. 28.30 Carbon. 29.05 Carbon. 29.30 Carbon. 30.05 Carbon. 30.30 Carbon. 31.05 Carbon. 31.30 Carbon. 32.05 Carbon. 32.30 Carbon. 33.05 Carbon. 33.30 Carbon. 34.05 Carbon. 34.30 Carbon. 35.05 Carbon. 35.30 Carbon. 36.05 Carbon. 36.30 Carbon. 37.05 Carbon. 37.30 Carbon. 38.05 Carbon. 38.30 Carbon. 39.05 Carbon. 39.30 Carbon. 40.05 Carbon. 40.30 Carbon. 41.05 Carbon. 41.30 Carbon. 42.05 Carbon. 42.30 Carbon. 43.05 Carbon. 43.30 Carbon. 44.05 Carbon. 44.30 Carbon. 45.05 Carbon. 45.30 Carbon. 46.05 Carbon. 46.30 Carbon. 47.05 Carbon. 47.30 Carbon. 48.05 Carbon. 48.30 Carbon. 49.05 Carbon. 49.30 Carbon. 50.05 Carbon. 50.30 Carbon. 51.05 Carbon. 51.30 Carbon. 52.05 Carbon. 52.30 Carbon. 53.05 Carbon. 53.30 Carbon. 54.05 Carbon. 54.30 Carbon. 55.05 Carbon. 55.30 Carbon. 56.05 Carbon. 56.30 Carbon. 57.05 Carbon. 57.30 Carbon. 58.05 Carbon. 58.30 Carbon. 59.05 Carbon. 59.30 Carbon. 60.05 Carbon. 60.30 Carbon. 61.05 Carbon. 61.30 Carbon. 62.05 Carbon. 62.30 Carbon. 63.05 Carbon. 63.30 Carbon. 64.05 Carbon. 64.30 Carbon. 65.05 Carbon. 65.30 Carbon. 66.05 Carbon. 66.30 Carbon. 67.05 Carbon. 67.30 Carbon. 68.05 Carbon. 68.30 Carbon. 69.05 Carbon. 69.30 Carbon. 70.05 Carbon. 70.30 Carbon. 71.05 Carbon. 71.30 Carbon. 72.05 Carbon. 72.30 Carbon. 73.05 Carbon. 73.30 Carbon. 74.05 Carbon. 74.30 Carbon. 75.05 Carbon. 75.30 Carbon. 76.05 Carbon. 76.30 Carbon. 77.05 Carbon. 77.30 Carbon. 78.05 Carbon. 78.30 Carbon. 79.05 Carbon. 79.30 Carbon. 80.05 Carbon. 80.30 Carbon. 81.05 Carbon. 81.30 Carbon. 82.05 Carbon. 82.30 Carbon. 83.05 Carbon. 83.30 Carbon. 84.05 Carbon. 84.30 Carbon. 85.05 Carbon. 85.30 Carbon. 86.05 Carbon. 86.30 Carbon. 87.05 Carbon. 87.30 Carbon. 88.05 Carbon. 88.30 Carbon. 89.05 Carbon. 89.30 Carbon. 90.05 Carbon. 90.30 Carbon. 91.05 Carbon. 91.30 Carbon. 92.05 Carbon. 92.30 Carbon. 93.05 Carbon. 93.30 Carbon. 94.05 Carbon. 94.30 Carbon. 95.05 Carbon. 95.30 Carbon. 96.05 Carbon. 96.30 Carbon. 97.05 Carbon. 97.30 Carbon. 98.05 Carbon. 98.30 Carbon. 99.05 Carbon. 99.30 Carbon. 100.05 Carbon. 100.30 Carbon. 101.05 Carbon. 101.30 Carbon. 102.05 Carbon. 102.30 Carbon. 103.05 Carbon. 103.30 Carbon. 104.05 Carbon. 104.30 Carbon. 105.05 Carbon. 105.30 Carbon. 106.05 Carbon. 106.30 Carbon. 107.05 Carbon. 107.30 Carbon. 108.05 Carbon. 108.30 Carbon. 109.05 Carbon. 109.30 Carbon. 110.05 Carbon. 110.30 Carbon. 111.05 Carbon. 111.30 Carbon. 112.05 Carbon. 112.30 Carbon. 113.05 Carbon. 113.30 Carbon. 114.05 Carbon. 114.30 Carbon. 115.05 Carbon. 115.30 Carbon. 116.05 Carbon. 116.30 Carbon. 117.05 Carbon. 117.30 Carbon. 118.05 Carbon. 118.30 Carbon. 119.05 Carbon. 119.30 Carbon. 120.05 Carbon. 120.30 Carbon. 121.05 Carbon. 121.30 Carbon. 122.05 Carbon. 122.30 Carbon. 123.05 Carbon. 123.30 Carbon. 124.05 Carbon. 124.30 Carbon. 125.05 Carbon. 125.30 Carbon. 126.05 Carbon. 126.30 Carbon. 127.05 Carbon. 127.30 Carbon. 128.05 Carbon. 128.30 Carbon. 129.05 Carbon. 129.30 Carbon. 130.05 Carbon. 130.30 Carbon. 131.05 Carbon. 131.30 Carbon. 132.05 Carbon. 132.30 Carbon. 133.05 Carbon. 133.30 Carbon. 134.05 Carbon. 134.30 Carbon. 135.05 Carbon. 135.30 Carbon. 136.05 Carbon. 136.30 Carbon. 137.05 Carbon. 137.30 Carbon. 138.05 Carbon. 138.30 Carbon. 139.05 Carbon. 139.30 Carbon. 140.05 Carbon. 140.30 Carbon. 141.05 Carbon. 141.30 Carbon. 142.05 Carbon. 142.30 Carbon. 143.05 Carbon. 143.30 Carbon. 144.05 Carbon. 144.30 Carbon. 145.05 Carbon. 145.30 Carbon. 146.05 Carbon. 146.30 Carbon. 147.05 Carbon. 147.30 Carbon. 148.05 Carbon. 148.30 Carbon. 149.05 Carbon. 149.30 Carbon. 150.05 Carbon. 150.30 Carbon. 151.05 Carbon. 151.30 Carbon. 152.05 Carbon. 152.30 Carbon. 153.05 Carbon. 153.30 Carbon. 154.05 Carbon. 154.30 Carbon.



IMAGINE THE excitement if the team of Swedish boffins currently engaged in the most exhaustive and scientific trawl of the depths of Loch Ness, were actually to locate the famous monster. Better still, imagine that, having picked up an awesome and otherwise inexplicably large blip on their sonar equipment, the Swedish scientists were, with some local help, able to induce the great beast to rise to the surface, for all to see.

Initially, I am sure, the attention of the world's media would be absolute. Photographs of the monster would even displace the Princess of Wales from the front pages of the tabloid press. John Major and the rest of his Cabinet could sigh with relief as their daily traumas were relegated to down column items.

"I AM against censorship. But I tell you, at the same time there can be good times come out of it. You have a new freedom, immediately it's exploited by de pornographers!"

Billy Wilder's Viennese accent is on overdrive.

"A director like Lubitsch, you see, was so much more subtle. In old days you could not say 'Son of a bitch,' you had to say, 'If your mother was a dog...'"

"Now you ask me about de McCarthy era... I had, ten minutes ago. But meeting Billy Wilder is like wandering into a fireworks factory with a smouldering cigarette. The greatest living veteran among Hollywood film-makers is 86. But when I met him for a tête-à-tête in Los Angeles recently, he still behaved like the fell-hatted pyrotechnician who made *Double Indemnity*, *Sunset Boulevard* and *Some Like It Hot*.

If censorship had not existed, Wilder would have had to invent it. For 40 years after coming to Hollywood from Hitler's Germany, the Austrian-born director was

Chess monster turns cartwheels

Dominic Lawson on how the world's press has become like a theatrical agent

But their respite would be short. For within days the Loch Ness monster would have lost its 1,000-year-old mystique. The Swedish scientist would quickly have categorised the slimy brute and shown how closely it was related to many other and more colourful species which trawl the bottom of our oceans.

Russian scientists would immediately claim that a more interesting monster had been discovered by them at the bottom of Lake Baikal. Above all, the Ness monster, simply by being seen and made available to the public, would become mundane.

Much the same fate, I am afraid,

has befallen Bobby Fischer. The comparison springs to mind because the American goliath has been so often described as "The Loch Ness monster of world chess, often sighted but never seen". The man was already something of a myth during his first incarnation. American Champion at 14, World Championship contender at 16, World Champion at 29, and the only non-Russian to hold the title since the 1930s. Then a Garbo-esque silence sustained by the belief that he was the undefeated world chess champion. Thus, Fischer's return match against Boris Spassky was accorded the most monumental

media attention when the event got underway at the beginning of September.

Magazines made their covers available to Fischer, based on interviews which consisted of no more than a few words of Fischer-speak, and thousands of words of padding. Last week the match finally ended after 30 gruelling games, with Fischer the winner by ten to five. It was a very impressive margin of victory for a man who has not played for 20 years, even if the more practised Spassky is not the player he was.

Yet Fischer's triumph was almost ignored: the television news

bulletins which broadcast extensively on the first game of the match, had no time for the decisive one. Perhaps the modern media, which has become so much more ephemeral even in the years since Fischer last played Spassky, could not cope with the drawn-out drama of a top class chess match.

Partly to cope with this trend more grandmaster tournaments are adopting a time limit of half an hour for an entire game, rather than the timeless variety practised by the fuddy duddy veterans Fischer and Spassky. Cynics might argue that Fischer did not

demonstrate enough of his famed eccentricity to capture the headlines. This is not the case.

I have subjected both

Fischer-Spassky matches to eccentricity analysis and there is no doubt that Fischer is more loopy now than he was in 1972. In the earlier match he merely failed to turn up for one of the games and barred the television cameras from the event.

In the second match Fischer insisted on wearing a dark green leather visor; argued that the second half of the event should be played with both players encased in a giant glass bell; demanded that the players' private lavatories be

raised by two inches; barred his opponent's seconds from the playing hall; would not allow his opponent to sit down before he did; and demanded to play with a chess set last used in the Dubrovnik Chess Olympiad of 1950.

In between Fischer played at least two games of sublime, incomparable brilliance. But still the media were bored. What more could an emergent monster do to capture the public's imagination?

By analogy, it was as if the Loch Ness monster, on being dragged from the murky deep, performed cartwheels and sang *Auld Lang Syne* and was boozed off the stage. The modern world's press has, in truth, become like a theatrical agent with too much talent on his books. Sorry, Bobby, I've seen it once, seen it a 1,000 times. Next!

■ Dominic Lawson is Editor of *The Spectator*.

Still sparkling on Sunset

Billy Wilder, undimmed at 86, tells Nigel Andrews of a life in film, about Monroe and Lemmon, Hitler and McCarthy, Chandler and Lubitsch

the cinema's court jester. He exposed forbidden topics to gleeful satire or melodrama and never mind Senator McCarthy (that "American Dr Goebels throwing his weight around") or any other of the mortal or political nay-sayers.

Wilder gave us adultery and murder in *Double Indemnity*; alcoholism in *The Lost Weekend*; more adultery plus Marilyn Monroe having her skirt blown around her thighs in *The Seven Year Itch*; transvestism in *Some Like It Hot*.

Today Wilder's kind of cinema, racy and literate, high-farcical and sophisticated, is almost defunct. What he thinks of its modern replacement we discussed when we met in his office off Wilshire Boulevard: a small cream-coloured cube with a window that the filtered the sound of honking

summer traffic. First, though, where did Wilder come from?

"I was what they called a ghost writer, working without credit on scenarios in Germany. That was before 1939-1940, before sound. Then in 1938 I left Germany, the reason being Mr Hitler." Wilder was on a skidding slope in Davos when he heard that Hitler had become Chancellor.

"Already everyone knew what this man was doing. Your office was taken over by someone you never knew; you were thrown out of your job; and this was not just Jews but gentiles. If you were an artist, you had to look out. Erich Remarque, Thomas Mann, Brecht..."

"So I came here where I could speak the language a little, which I had learned from Hollywood pictures."

Billy Wilder's US career began at a sprint pace, scripting for 1930s comedies like *Midnight* and *Ninotchka*, frothy escapism for an America wrestling with the Depression. But the war changed Hollywood's mood and Wilder's style. As director he had his first dark-toned triumph with *Double Indemnity*. Sex, homicide and whip-crack dialogue wrought by an unlikely, possibly partnership between Wilder and thriller master Raymond Chandler.

"I was young, always chasing girls. He was older, alcoholic and married to this woman who was about a hundred years old. He had no idea how to write a script. But he had this great ear for dialogue. There's a line in one of his books where he says this man had hair growing out of his ears long enough to catch a moth! There's something perfect there. It's as good in its way as Hemingway or Scott Fitzgerald."

Chandler and Wilder coddled James M. Cain's novel into shape, although the script's initial ending was one of two legendary scenes Wilder shot but never used. "I had the hero Fred McMurray dying in the gas chamber. But it was too strong, it was out of key with the rest of the film."

The other intriguing lost sequence is the beginning of *Sunset Boulevard*. Wilder's giddy melodrama about a fading star (Gloria Swanson) and the young writer she adopts as secretary-boyfriend (William Holden) now opens with Holden's voice-over, issuing as if from his dead body afloat in a pool. But the film once began a nightmare.

We had the idea of the writer's corpse being delivered to the morgue. And then we had a scene where he and the other corpses talk to each other about the events that led to their deaths.

"It was very surreal. But at the previews, once the scene began, people started laughing. It tickled them. So I said, the hell with it. We just begin with the pool."

Wilder insists that screenwriting is as much a craft as an art. "You can come down from the mountain with a poem or novel, but not with a screenplay. There must be technique, there must be architecture." Yet his best movies are also triumphs of the unplannable. Gloria Swanson stepped into *Sunset Boulevard* as fourth choice. (The first was Mae West). *The Lost Weekend* owed its haunting title to a printing error: the film was originally called *The Lost Weekend*. And directing two movies with Marilyn Monroe, *The Seven Year Itch* and *Some Like It Hot*, required a mixture of saintly patience and

genius, you know. Whether they laugh or are silent, you can hear it if a film is working."

"On Some Like It Hot we had Tony Curtis and Jack Lemmon standing around all day in the heat, wearing dresses and high heels. All this while Monroe tried to remember a three-word line! 'It's me, Sugar.' She couldn't do it.

genius, you know. Whether they laugh or are silent, you can hear it if a film is working."

But there are different kinds of silence. One can be discriminating attention, another punch drunk stupification. Wilder in his eighties cannot get used to a modern movie age in which people "want action, car crashes, 957 kinds of explosion. The dialogue in a film today is the time to go out and buy the popcorn."

No wonder he feels a kind of despair whenever the urge comes to pitch a new

agents and packages and deals. It's an industry run by big stars and strong agents."

Hence the anomaly of this one-time movie prodigal working (or making plans about working) from a tiny office, where in a desk drawer he still keeps his notebook full of ideas for projects. *Sunset Boulevard* - "Silent star wants to make a comeback, gets herself a writer half her age." *The Apartment* - "I had the idea after seeing *Brief Encounter*, and I wrote, 'How about the guy who owns the apartment where the lovers meet, and has to crawl back into the still warm bed?' Perfect for Jack Lemmon."

Perfect for its time too. But Wilder believes the Golden Age of mordant humanism has gone, replaced by the gimmickry of ra-ra plot ideas and show-off special effects. Certainly few modern filmmakers would look twice at the sign he still keeps on his wall saying "How would Lubitsch do it?"

"He was the all-time master. He never showed off. Directing a film should be invisible. If someone grabs your arm during a picture and says, 'Look at that camera angle' or 'Look at that special effect' - no good! Pictures should be shot with style, but not to prove how inventive the director is: like those scenes in a living room that are shot through the fire in the fireplace; because then I have to think there's either a burglar or that Santa Claus has come down the chimney! You shouldn't be aware of cuts or angles. Everything should be shot from a character's point of view."

Wilder's own point of view may soon be much in evidence since he's writing an autobiography. "I suggested a title, but they thought I was kidding. *Who I Was, How I Became What I Am And Who Hell Am I?*"

"Because there's nothing pompous about me" he needlessly adds; in what may be the first pompous remark he has made in an hour of conversation. But in the age of PR and the hard pitch, perhaps even Billy Wilder realises he must sometimes blow his own trumpet.



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And indeed of time itself.

My credit card strike

Michael Thompson-Noel

I AM ON a spending strike at present. Not a full-out spending strike. I still buy food, toothpaste, cigarettes. Still travel into, and home from, work. Still visit the movies. But in all other respects I have reduced my spending to zero and at zero it will remain so long as Norman Lamont remains chancellor of the exchequer. Lamont has got to go - as he will presently, at which point I will career to the shops and start buying suits, shirts, sportsjackets, shoes, electrical and electronic equipment, fine foods and wines, paintings, etchings, silverware, books, expensive stationery and pens - a Mercedes. I shouldn't wonder.

I am not alone in my Lamont strike. It is being imitated up and down the land. Deflation of the chancellor is probably the single factor most to blame for the continuing recession and the misery of retailers. Doesn't John Major read the papers? Does Major do anything, apart from shilly, shally and bleed?

No matter. For I have been reading some of the literature put out by retailers in the run-up to Christmas, and exciting material it is, heralding a

HAWKS & HANDSAWS

liftoff in consumer sales just as soon as Lamont quits Number 11 Downing Street. That may not be true for Christmas 1992, but Christmas 1993 ought to be. And the looming millennium: the diseases and disasters that are obliterating the surface of this bone-weary planet.

I give you... personalised welcome mats. The latest catalogue from Innovations includes a "doormat with a difference - it can be printed with a house or family name or with a message of your choice." 24in x 14in, up to 12 letters on each of three lines. £9.95. Absolutely brilliant. I am tempted to order one. You can write a supremely rude message with up to 12 letters on each of three lines.

I give you... the amazing Aquamag. "Developed in the UK (Pat. Pending No. 9108667.8), Aquamag is a breakthrough in the treatment of

time ago that my flat in Notting Hill is illuminated by 48 light bulbs - in fact it is 47. I forgot the light in the fridge - and that I constantly have to replace them. The bulb in the innovations catalogue is said to last 16 times longer than ordinary bulbs and comes in pearl or clear, bayonet or screw, 40-100-watt, £1.95 per three. I am ordering 48.

Do you see what I mean? The sooner Stormin' Norman quits Downing Street, the sooner you, me and all our friends and pets can embark on a recession-busting spending spree of brillo proportions. But I don't like gadgets. Apart from the long-life light bulbs, I want none of the items listed above.

I lead a simple life. For Christmas, I want cheap and simple presents. In descending order, they are: 1) A John Major dartboard. 2) A Norman Lamont dartboard. 3) A Michael Heseltine dartboard. 4) A Douglas Hurd dartboard. 5) A Gillian Shephard dartboard. 6) A Paddy Ashdown dartboard (I voted for Wing-commander Ashdown last April; how dare he not struggle with every sineave to unhook this ghostly government). 7) A Margaret Beckett dartboard (no particular reason; she'd just look nice on a dartboard). 8) A Jacques Delors dartboard (or anyone from France). Plus a box of darts.

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